

YDUQS Participações S.A.

**Quarterly Information – ITR
September 30, 2020 and
Independent Auditors' Report**

Independent auditor's review report on interim financial information

The Shareholders and Board of Directors

YDUQS Participações S.A.

Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of YDUQS Participações S.A. ("Company" or "YDUQS") for the quarter ended September 30, 2020, comprising the statement of financial position as of September 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and nine months period then ended, of changes in equity and of cash flows for the nine month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information include the individual and consolidated statement of value added (SVA) for the nine month period ended September 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Rio de Janeiro, November 9, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Fernando Alberto S. Magalhães
Accountant CRC – 1SP133169/O-0

YDUQS Participações S.A.

Statements of financial position

In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated			Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019		September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 3)	119	74	25,176	12,251	Trade accounts payables	2,401	1,643	220,280	126,651
Securities (note 3)	420,308	208,478	1,895,389	596,861	Loans and financing (Note 11)	394,410	13,586	394,410	13,586
Derivative financial instruments - Swap (Note 19)	51,043		51,043		Leases (Note 12)			207,464	156,468
Accounts receivable (Note 4)			873,301	759,622	Salaries and welfare charges (Note 13)	1,456	651	317,289	136,432
Related parties (Note 5)	524	13			Tax obligations (Note 14)	407	138	98,475	36,038
Prepaid expenses (Note 6)		283	12,921	7,034	Prepaid monthly tuition fees			24,380	18,397
Dividends receivable	134,390	263,909			Tax installment payment (Note 15)			3,471	3,729
Taxes and contributions recoverable (Note 7)	3,891	3,840	114,596	80,050	Related parties (Note 5)		42		
Other			21,689	19,866	Dividends payable	153,463	153,463	153,463	153,463
					Acquisition price payable (Note 16)			31,659	19,142
					Other	5,890	4,182	15,280	10,964
	<u>610,275</u>	<u>476,597</u>	<u>2,994,115</u>	<u>1,475,684</u>		<u>558,027</u>	<u>173,705</u>	<u>1,466,171</u>	<u>674,870</u>
Non-current					Non-current				
Long-term assets					Long-term liabilities				
Derivative financial instruments - Swap (Note 19)	183,418		183,418		Loans and financing (Note 11)	3,081,372	601,549	3,081,372	601,549
Accounts receivable (Note 4)			281,851	261,600	Leases (Note 12)			1,145,377	880,049
Prepaid expenses (Note 6)			4,227	4,758	Contingencies (Note 17)	278	306	210,391	118,416
Judicial deposits (Note 17)	223	216	91,634	76,090	Tax installment payment (Note 15)			13,479	11,019
Deferred taxes (Note 28)	536	308	296,004	163,025	Deferred taxes (Note 28)			4,270	2,889
Taxes and contributions recoverable (Note 7)	20,133	36,552	113,508	176,425	Provision for assets retirement			31,097	27,470
Other			14,805	11,934	Acquisition price payable (Note 16)			90,724	44,541
					Other	25,554	28,051	46,920	49,337
	<u>204,310</u>	<u>37,076</u>	<u>985,447</u>	<u>693,832</u>		<u>3,107,204</u>	<u>629,906</u>	<u>4,623,630</u>	<u>1,735,270</u>
Investments					Equity (Note 18)				
In subsidiaries (Note 8)	5,391,732	2,612,140			Share Capital	1,139,887	1,139,887	1,139,887	1,139,887
Other			338	338	Expenditure with issue of shares	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,107	780,139	3,061,109	1,610,416	Capital reserves	679,699	674,021	679,699	674,021
Property, plant and equipment (Note 10)	7	11	2,369,992	1,732,222	Profits reserve	1,509,327	1,509,327	1,509,327	1,509,327
	<u>6,171,846</u>	<u>3,392,290</u>	<u>5,431,439</u>	<u>3,342,976</u>	Treasury shares	(181,683)	(194,031)	(181,683)	(194,031)
	<u>6,376,156</u>	<u>3,429,366</u>	<u>6,416,886</u>	<u>4,036,808</u>	Income for the period	200,822		200,822	
						<u>3,321,200</u>	<u>3,102,352</u>	<u>3,321,200</u>	<u>3,102,352</u>
Total assets	<u>6,986,431</u>	<u>3,905,963</u>	<u>9,411,001</u>	<u>5,512,492</u>	Total liability and equity	<u>6,986,431</u>	<u>3,905,963</u>	<u>9,411,001</u>	<u>5,512,492</u>

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Income statements

Nine-month periods ended September 30

In thousands of Reals, except when otherwise indicated

	Parent Company		Consolidated	
	2020	2019	2020	2019
Continued operations				
Net revenue from activities (Note 22)			2,890,703	2,722,992
Costs of the services provided (Note 23)			(1,227,082)	(1,127,367)
Gross income			1,663,621	1,595,625
Operating revenues (expenses)				
Selling expenses (Note 24)			(638,287)	(436,788)
General and administrative expenses (Note 24)	(14,670)	(13,269)	(605,159)	(425,871)
Equity accounting income (Note 8)	293,885	628,928		
Other operating revenues/expenses (Note 25)	2,270	968	(66)	10,254
Operating income	281,485	616,627	420,109	743,220
Financial revenues (Note 26)	247,414	10,920	316,204	78,869
Financial expenses (Note 26)	(328,306)	(39,590)	(561,153)	(224,759)
Net financial income	(80,892)	(28,670)	(244,949)	(145,890)
Income before income tax and social contribution	200,593	587,957	175,160	597,330
Current and deferred income tax (Note 28)	168	91	18,901	(5,611)
Current and deferred social contribution (Note 28)	61	33	6,761	(3,638)
Net income for the period attributable to shareholders	200,822	588,081	200,822	588,081
Net earnings per lot of 1000 shares - basic (Note 21)	0.66682	1.95776	0.66682	1.95776
Net earnings per lot of 1000 shares - diluted (Note 21)	0.66592	1.95776	0.66592	1.95776

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Statements of comprehensive income
Nine-month periods ended September 30
In thousands of Reais, except when otherwise indicated

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net income for the period	200,822	588,081	200,822	588,081
Other comprehensive income				
Total comprehensive income for the period, net of taxes	<u>200,822</u>	<u>588,081</u>	<u>200,822</u>	<u>588,081</u>
Attributable to:				
Controlling shareholders				
Non-controlling shareholders	<u>200,822</u>	<u>588,081</u>	<u>200,822</u>	<u>588,081</u>

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Statements of changes in equity

In thousands of Reais, except when otherwise indicated

	Capital reserves					Profit reserves		Shares in Treasury	Earnings accumulated	Total
	Capital stock	Expenditure with issue of shares	Incentives of long term	Negative Goodwill in disposition of shares	Goodwill in subscription of shares	Options granted	Legal	Retained earnings		
As of January 1, 2019	1,139,887	(26,852)	304	(7,983)	595,464	80,585	146,673	869,972	(206,641)	2,591,409
Granted options (Note 20)			(304)			(1,117)				(1,421)
Restricted shares granting plan (Note 20)						10,275				10,275
Negative goodwill on treasury shares sale (Note 17 d.3)				(2,780)					2,780	
Payment restricted shares granting plan payment (Note 17 d.3)						(5,832)			4,024	(1,808)
Payment of Stock options (Note 20)									5,503	5,503
Net income for the period									588,081	588,081
As of September 30, 2019	1,139,887	(26,852)		(10,763)	595,464	83,911	146,673	869,972	(194,334)	3,192,039
Granted options (Note 20)						156				156
Restricted shares granting plan (Note 20)						5,328				5,328
Negative goodwill on treasury shares sale (Note 17 d.3)				(75)					75	
Payment of Stock options (Note 20)									228	228
Net income for the period									58,059	58,059
Constitution of reserves							32,307	460,375	(492,682)	
Minimum mandatory dividends (BRL0.51 per share)									(153,458)	(153,458)
As of December 31, 2019	1,139,887	(26,852)		(10,838)	595,464	89,395	178,980	1,330,347	(194,031)	3,102,352
Granted options (Note 20)						(331)				(331)
Restricted shares granting plan (Note 20)						17,659				17,659
Negative goodwill on treasury shares sale (Note 18 d.3)				(182)					182	
Payment restricted shares granting plan payment (Note 18 d.3)						(11,468)			11,468	
Payment of Stock options (Note 20)									698	698
Net income for the period									200,822	200,822
As of September 30, 2020	1,139,887	(26,852)		(11,020)	595,464	95,255	178,980	1,330,347	(181,683)	3,321,200

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Statements of cash flows

Nine-month periods ended September 30

In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated	
	2020	2019	2020	2019
Cash flow from operating activities				
Income before income tax and social contribution	200,593	587,957	175,160	597,330
Adjustments to reconcile the income to cash and cash equivalents generated:				
Depreciation and amortization	36	42	360,977	285,548
Amortization of loan funding costs	4,191	701	4,191	701
Provision for doubtful accounts			379,280	225,686
Provision for loss - Other accounts receivable			6,397	230
Granted options - Stock options provision	698	352	28,200	9,923
Provision for contingencies	(28)	172	116,838	61,632
Interest on loans and financing	75,042	37,278	160,352	82,827
Adjustment of assets retirement obligation			3,627	3,420
Adjustment of commitments payable			1,575	1,254
Gain/Loss in write-off of property, plant and equipment and intangible assets			741	1,598
Equity accounting income (loss)	(293,885)	(628,928)		
Update of accounts receivable - FIES			(1,793)	(8,311)
Adjustments to present value - accounts receivable			(3,828)	(8,198)
Adjustment of tax credits	(476)	(924)	11,474	(1,323)
Other	11,474	(600)		
	(2,355)	(3,950)	1,243,191	1,252,317
Variation in assets and liabilities:				
(Increase) in accounts receivable			(284,070)	(483,521)
Decrease (Increase) in prepaid expenses	283	(404)	4,183	(2,452)
Decrease (Increase) in taxes and contributions recoverable	16,844	4,763	46,888	(3,741)
(Increase) in judicial deposits	(7)	(194)	7,295	2,427
Decrease (Increase) in other assets	(503)	466	1,590	1,164
Increase (Decrease) in trade payables	758	(175)	73,019	34,864
Increase (Decrease) in salaries and welfare charges	(171)	16	93,442	79,228
Increase (Decrease) in tax obligations	269	21	14,007	(7,759)
Increase (Decrease) in monthly tuition fees received in advance			(3,661)	5,619
(Decrease) in tax installment payment			(1,938)	(1,932)
(Decrease) in civil/labor convictions		(162)	(59,026)	(62,015)
Increase in Provision for assets retirement Obligations				(235)
Increase (Decrease) in other liabilities	1,657	17,869	2,650	17,336
	16,775	18,250	1,137,570	831,300
Interest paid on loans	(67,447)	(34,023)	(67,447)	(34,108)
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) Paid			(39,390)	(46,021)
Net cash provided by (used in) operating activities.	(50,672)	(15,773)	1,030,733	751,171
Cash flow from investment activities:				
Acquisition of property, plant and equipment			(114,376)	(131,252)
Acquisition of intangible assets			(155,078)	(100,362)
Dividends received	129,519	270,000		
Premium and goodwill from investment in subsidiaries			(256,735)	
Acquisition of subsidiaries, net of cash obtained in the acquisition			(1,591,593)	
Increase for future capital increase	(2,468,100)	(12,107)		
Acquisition price payable			11,677	(31,102)
Net cash provided by (used in) investment activities.	(2,338,581)	257,893	(2,106,105)	(262,716)
Cash flow from financing activities:				
Use of treasury shares derived from the exercise of stock options	699	5,503	699	5,503
Dividends paid		(153,160)		(153,160)
Debenture issuance amount		600,000		600,000
Amount received from loans and financing	3,109,549		3,109,549	
Loan funding costs	(8,679)	(1,742)	(8,679)	(1,742)
Amortization of loans and borrowings	(500,441)	(710,441)	(500,441)	(710,441)
Lease amortization			(214,303)	(180,891)
Net cash used in financing activities	2,601,128	(259,840)	2,386,825	(440,731)
Increase in cash and cash equivalents	211,875	(17,720)	1,311,453	47,724
Cash and cash equivalents at the beginning of the period	208,552	239,818	609,112	818,046
Cash and cash equivalents at the end of the period	420,427	222,098	1,920,565	865,770
Variation in cash and cash equivalents balance	211,875	(17,720)	1,311,453	47,724

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.
Statements of value added
Nine-month periods ended September 30
In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated	
	2020	2019	2020	2019
Revenues				
Educational services			3,001,990	2,827,576
Other revenues			3,930	2,786
Provision for doubtful accounts			(379,280)	(225,686)
			<u>2,626,640</u>	<u>2,604,676</u>
Inputs acquired from third parties				
Materials, electric power and third-party services	(9,257)	(9,000)	(591,129)	(486,762)
Contingencies	50	(162)	(112,904)	(53,444)
	<u>(9,207)</u>	<u>(9,162)</u>	<u>(704,033)</u>	<u>(540,206)</u>
Gross value added	<u>(9,207)</u>	<u>(9,162)</u>	<u>1,922,607</u>	<u>2,064,470</u>
Depreciation and amortization	<u>(36)</u>	<u>(42)</u>	<u>(360,977)</u>	<u>(285,548)</u>
Net value added produced	<u>(9,243)</u>	<u>(9,204)</u>	<u>1,561,630</u>	<u>1,778,922</u>
Value added received in transfer				
Income using the equity method	293,885	628,928		
Financial revenue	248,045	10,920	320,193	78,869
Other	(1,688)	(200)	(3,287)	11,702
	<u>540,242</u>	<u>639,648</u>	<u>316,906</u>	<u>90,571</u>
Total value added to be distributed	<u>530,999</u>	<u>630,444</u>	<u>1,878,536</u>	<u>1,869,493</u>
Distribution of value added				
Work compensation				
Direct compensation	3,927	3,414	727,127	674,819
Benefits			43,922	35,464
FGTS (Government Severance Indemnity Fund for Employees)			51,066	48,357
	<u>3,927</u>	<u>3,414</u>	<u>822,115</u>	<u>758,640</u>
Taxes, fees and contributions				
Federal	2,134	1,134	153,249	172,522
State			4	
Municipal			120,955	113,476
	<u>2,134</u>	<u>1,134</u>	<u>274,208</u>	<u>285,998</u>
Remuneration of third-party capital				
Interest	324,116	37,815	556,962	219,825
Rents			24,429	16,949
	<u>324,116</u>	<u>37,815</u>	<u>581,391</u>	<u>236,774</u>
Remuneration on equity				
Dividends				
Retained earnings	200,822	588,081	200,822	588,081
	<u>200,822</u>	<u>588,081</u>	<u>200,822</u>	<u>588,081</u>
Distributed value added	<u>530,999</u>	<u>630,444</u>	<u>1,878,536</u>	<u>1,869,493</u>

The Management notes are an integral part of the financial statements.

1 General information

1.1 Operating context

YDUQS Participações S.A. ("Company" or "Group") and its subsidiaries (jointly, the "Group") are mainly involved in the development and/or management of activities and/or institutions in the fields of higher education, professional education and/or other fields related to education, in the management of their own assets and businesses, and the holding of interests, as partner or shareholder, in other partnerships and companies in Brazil.

The Company is a corporation headquartered at Avenida Venezuela, 43, in the City and State of Rio de Janeiro, incorporated by way of a private share subscription on March 31, 2007, and currently listed on *Novo Mercado* (New Market).

The Group has thirty-eight companies, including YDUQS Participações, thirty-three of which are sponsors of a higher education institution, organized as limited liability business companies, and comprises a University, twenty-one University Centers and fifty-nine Colleges, accredited and distributed in twenty-five states in the country and in the Federal District.

At a meeting held on July 11, 2019, the Board of Directors of YDUQS Participações S.A. resolved on the creation of a new brand for the Company, named **YDUQS**.

Changing the holding company's brand enables it to better use existing resources businesses, and to build different positions through new brands and creating new business units.

The Special General Meeting held on March 24, 2020, approved the change of the Company's corporate name from "Estácio Participações S.A." to "YDUQS Participações S.A.", with the consequent amendment to Article 1, "head provision", of the Articles of Incorporation. The Estácio brand will continue to serve the current operations in the higher education segment. The shares issued by the Company started to be traded on B3 under a new trading code ("YDUQ3"), in replacement of "ESTC3", and a new trading name ("YDUQS PART"). Additionally, the ADRs traded on the North American market started to be traded under the code "YDUQY", in replacement of "ECPCY".

Recent acquisitions

On October 18, 2019, the Company executed the private purchase and sale instrument to acquire all the units of ownership of Adtalem Brasil Holding S.A. ("Adtalem") through its direct subsidiary Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"). On April 13, 2020, the Brazilian Antitrust Authority ("CADE") issued a certificate confirming the final and unappealable decision that examined and approved the acquisition without restrictions and settled the transaction on April 24, 2020, for the amount of BRL2,206,497, thus the income of the acquired company was consolidated as from May 1, 2020.

On November 14, 2019, the Company acquired the total units of ownership of Sociedade de Ensino Superior Toledo Ltda. ("UniToledo") through its direct subsidiary Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), for the amount of BRL112,646, thus the income of the acquired company was consolidated as from November 14, 2019.

On June 4, 2020, the Company signed a private purchase and sale instrument to acquire all the units of ownership of Athenas Grupo Educacional ("Grupo Athenas") for the amount of BRL120,000, the acquisition further provides for an earn-out clause for medical courses at BRL600 per authorized slot, totaling a potential amount of BRL180 million, to be paid after the 1st funding of the respective courses. On July 20, 2020, the Brazilian Antitrust Authority (CADE) issued a certificate confirming the final decision that examined and approved the acquisition of Grupo Athenas without restrictions, thus the income of the acquired Company will be consolidated as from the 3rd quarter of 2020.

The Company's Board of Directors approved the disclosure of these interim financial information at a meeting held on November 09, 2020.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

1.2 Basis for preparation

The individual and consolidated quarterly Information have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the Accounting Standards Board (IASB), and evidence all material information of the financial statements (parent company and consolidated), and that alone, which is consistent with that used by Management.

1.3 Accounting policies

In the quarterly information, the accounting policies are being presented in a manner consistent with the accounting practices adopted in the individual and consolidated financial statements of the fiscal year ended December 31, 2019. Thus, this quarterly information should be read together with the information disclosed in the financial statements for the year ended December 31, 2019.

1.4 Changes in accounting policies and disclosures

New standards effective from 2020

There are no other IFRS standards or IFRIC interpretations still to come into force that could have a significant impact on the Group's financial statements.

1.5 Business combination

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred, and equity instruments issued by the Group. The consideration transferred includes the fair value of assets and liabilities resulting from a contingent consideration agreement, when applicable. Acquisition-related costs are recorded in the income statement of the fiscal year as incurred. Identifiable assets acquired and contingent assets and liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

The excess of the consideration transferred and the fair value as of the acquisition date of any previous equity interest in the company acquired, as compared to the fair value of the Group interest in identifiable net assets, is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement for the fiscal year.

Acquisition made in 2020 is summarized below:

Athenas Grupo Educacional

On June 4, 2020, the Company acquired, through its direct subsidiary IREP Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP"), the totality of the companies' units of ownership: Athenas Serviços Administrativos LTDA., Education Center of Rolim De Moura LTDA., Education Center of Pantanal LTDA., Pimenta Bueno Serviços Educacionais LTDA., União Educacional Meta LTDA., UNIJIPA - União Das Escolas Superiores de Ji-Paraná LTDA., all members of Athenas Grupo Educacional ("Grupo Athenas"), for the amount of BRL113,701, to be paid as follows: BRL99,701 in financial resources, paid in cash and the balance of BRL14,000 in the 5th anniversary year of the closing date.

Furthermore, the acquisition provides an earn-out section for medical courses at BRL600 thousand per authorized slot, totaling a potential amount of BRL180,000 to be paid after the first funding of the respective courses.

On October 6, 2020, we completed the first medicine course fundraising, which will be offered by FAPAN, and according to the agreement, the amount of R\$ 30,000 from earn out is due.

Athenas Grupo Educacional was founded in the early '90s, it is formed by five institutions located in Rio Branco (AC), JiParaná (RO), Rolim de Moura (RO), Pimenta Bueno (RO) and Caceres (MT). With a total of 9 thousand

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

students, it has a portfolio of 67 undergraduate courses, higher technical courses (CST) and Postgraduate Programs in distance learning, in addition to a potential for 300 vacancies/year in medicine.

The table below summarizes the considerations paid, the book balances of the assets acquired and liabilities assumed on the acquisition date and the allocation of the purchase price determined preliminarily based on the fair value of the assets acquired and liabilities assumed. The accounting standard "CPC15 / IFRS 3 - Business Combination" allows the Company to complete this process for allocating the consideration transferred between identified assets and liabilities for up to 12 months from the acquisition date.

	<u>Athenas</u>
Assets	
Cash and cash equivalents	2,996
Trade accounts receivable	21,429
Taxes and contributions	171
Property, Plant and Equipment	77,376
Judicial Deposits	98
Deferred taxes	13,818
Other Assets	2,854
	<u>118,742</u>
Liabilities	
Leases	(60,778)
Trade accounts payables	(1,905)
Labor Obligations	(8,458)
Tax obligations	(907)
Payment in installments	(4,015)
Other Obligations	(1,659)
Acquired Net Liabilities	<u>(77,772)</u>
Total net identifiable assets at fair value	<u>41,020</u>
Goodwill	72,681
Total Consideration	<u>113,701</u>
Cash Flow at the time of acquisition	
Cash	99,701
Commitments Payable	14,000
Net Cash Flow on acquisition	<u>113,701</u>

Sociedade Ensino Superior Adtalem Brasil Holding Ltda (Adtalem)

On October 21, 2019, the Company acquired, through its direct subsidiary Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), the totality of the units of ownership of Adtalem Brasil Holding Ltda ("Adtalem"), for the amount of BRL2,206,497. The Company liquidated the transaction on April 24, 2020, thus the income of the acquired company was consolidated as of May 1, 2020.

Currently, Adtalem Educacional do Brasil has 13 higher education institutions distributed throughout the country. In all, it has more than 16 campus across the country, offering undergraduate and graduate courses to more than 110 thousand students.

The table below summarizes the considerations paid, the book balances of the assets acquired and liabilities assumed on the acquisition date and the allocation of the purchase price determined preliminarily based on the fair value of the assets acquired and liabilities assumed. The accounting standard "CPC15 / IFRS 3 - Business Combination" allows the Company to complete this process for allocating the consideration transferred between identified assets and liabilities for up to 12 months from the acquisition date.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

	<u>Adtalem</u>
Fair value of acquired assets	
Cash and cash equivalents	843
Securities	467,961
Trade accounts receivable	205,918
Taxes and contributions	14,517
Property, plant and equipment (i)	600,217
Intangibles assets (ii)	587,147
Judicial deposits	22,741
Deferred taxes	19,595
Other assets	19,243
	<u>1,938,182</u>
Fair value of assumed liabilities	
Trade accounts payables	(18,705)
Leases	(293,458)
Salaries and charges	(68,087)
Tax obligations	(17,403)
Provision for Contingencies	(34,013)
Deferred taxes	(3,076)
Other obligations	(55,328)
	<u>(490,070)</u>
Net assets	<u>1,448,112</u>
Goodwill	758,385
Total value of the transferred consideration	<u>2,206,497</u>

(i) Property, plant and equipment at fair value comprises the amounts acquired by Adtalem, plus the effects of the business combination allocation in the amount of BRL76,441.

(ii) Intangible assets at fair value consist of the amounts acquired by Adtalem, plus the business combination allocation:

Main intangible assets identified	Amount	Estimated useful life in years
Customer portfolio	146,049	1 to 6
Brand	287,682	15 to 16

1.6 Covid-19 Effect

As of March 11, 2020, the World Health Organization (WHO) announced the COVID-19 outbreak pandemics. During March 2020, government authorities in various jurisdictions imposed blockages or other restrictions to contain the virus and several companies suspended or reduced operations.

The Company has implemented measures to keep our provision of services as well as all the support necessary to carry on business. The measures implemented include the use of information technology resources to offer live classes, using systemic platforms for online communication and collaboration, maintaining the quality levels hired by in-class students; normal maintenance of distance learning classes and continuity of our business processes, even at distance, which are operating with reduced loss of efficiency.

In the third quarter of 2020, the effects of the COVID-19 pandemic were noticeable, and the main impacts on the Company's results were:

- (i) The "Estácio com Você" program, which aims to encourage continuity in the studies of Estácio students throughout the country, offers monthly tuition fees exemption and/or flexible payment for eligible students according to the regulations. In addition, court decisions with effects on the student community and/or enacted Laws on tuition discounts in the respective states of Alagoas, Bahia, Ceará, Maranhão, Pará, Pernambuco, Piauí, Rio de Janeiro, Roraima, São Paulo and Sergipe. Although the Company disputes the legal grounds of these decisions, the following claims had an impact on its pricing policy,

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

even if for a brief period. Such effects had a non-recurring impact on net revenue of BRL139.4 million, being (BRL72.7 million on September 30, 2020, and BRL66.7 million in June 2020).

- (ii) The Company maintains a solid cash position that gives us the security to face uncertainties and the confidence to follow our long-term planning. Within the strategic cash plan, we continued funding through credit lines with banks of recognized liquidity. In addition, we decided to postpone some cash outflows such as the distribution of dividends calculated in 2019, pursuant to the Special Shareholders' Meeting (AGE) of April 24, 2020, certain planned investments in the 1st semester (Capex), adherence to MP 927 for the postponement of certain taxes, we adhered for a short period to a 25% reduction in working hours and the suspension of contracts with salary supplementation (application of MP 936), as well as intensified renegotiations with trade payables, mainly lease agreements.
- (iii) In addition, the Company reviewed the projections used to assess and analyze the impairment of the assets, including goodwill, and did not identify changes and/or circumstances that would indicate a driver for impairment of these assets.

2 Notes that were not presented

The quarterly information is being presented in accordance with CPC 21 (R1), IAS 34 and the rules issued by the CVM. Based on this faculty and management's assessment of the relevant impacts of the information to be disclosed, the notes described below are not being presented. The others are being presented in order to enable a perfect understanding of this quarterly information if read together with the notes disclosed in the financial statements as of December 31, 2019.

Notes that were not presented:

- Summary of principal accounting policies.
- Critical accounting estimates and judgments.
- Assumptions for calculating the fair value of the share option plan and impairment of non-financial assets already disclosed in the notes to the financial statements as of December 31, 2019.
- Insurance coverage.
- Other information.

3 Cash and cash equivalents and securities

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Cash and banks	119	74	25,176	12,251
Cash and cash equivalents	119	74	25,176	12,251
Federal Government Bonds (Exclusive funds) (1)	37,124	128,912	622,767	366,116
Financial Bills (Exclusive funds) (1)	11,793	62,953	197,840	178,787
CDB (2)	368,019	14,400	873,552	43,303
CDB (Exclusive funds)(1)	3,343	2,176	56,074	6,179
Repurchase			81,866	
Corporate Credit			62,095	
Government Bonds (Exclusive funds)(1)	29	37	1,195	2,476
Securities	420,308	208,478	1,895,389	596,861

The Company has an investment policy that stipulates that investments must be concentrated in low-risk securities and investment at prime financial institutions. As of September 30, 2020, the operations were

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

remunerated based on percentages of the variation of the CDI (Interbank Deposit Certificate), with the exception of government bonds, which are indexed to the Selic rate and fixed rates.

As of September 30, 2020, and December 31, 2019, all of the Company's securities were classified as "fair value through profit or loss".

- (1) Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, LFs (Financial Bills), government bonds, repurchase agreements with prime banks and issuers. The average yield of the investment funds as of September 30, 2020, was 40.95% of the CDI rate with an average yield in 2020 of 85.61% of the CDI rate (average annual yield on December 31, 2019, was 98.55% of the CDI rate).
- (2) Bank Deposit Certificates - CDBs yield the CDI rate, averaging 102.55% as of September 30, 2020 (98.95% as of December 31, 2019)

With the acquisition of Adtalem, other investment funds with an average return on September 30, 2020, of 32.61% of the CDI were included in the portfolio.

The Company does not have derecognized financial assets. The information on the Company's exposure to liquidity and market risks is included in Note 19.

4 Accounts receivable

	Consolidated	
	September 30, 2020	December 31, 2019
Monthly tuition fees received from students (a)	1,447,562	1,057,226
FIES (c)	164,010	295,598
Partnership agreements and exchange deals	16,908	11,730
Cards receivable (d)	111,665	91,130
Receivable agreements	138,363	71,554
	<u>1,878,508</u>	<u>1,527,238</u>
PCLD (b)	(683,923)	(471,190)
Unidentified amounts	(12,263)	(7,384)
(-) Adjustment to present value (e)	(27,170)	(27,442)
	<u>1,155,152</u>	<u>1,021,222</u>
Current assets	873,301	759,622
Non-current assets	281,851	261,600
	<u>1,155,152</u>	<u>1,021,222</u>

The balance of long-term amounts as of September 30, 2020, is related to PAR (YDUQS Installment Payment Program), DIS (Dilution of monthly tuition fees) and Credathenas (Athenas funding Program). The aging breakdown is as follows:

	Consolidated	
	September 30, 2020	December 31, 2019
2021	60,181	145,489
2022	176,191	129,720
2023 to 2026	210,034	128,304
(-) Adjustment to present value (e)	(27,170)	(27,442)
(-) Provision for doubtful accounts	(137,385)	(114,471)

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

Non-current assets	281,851	261,600
--------------------	---------	---------

PAR is a type of installment payment that YDUQS offers to its students by which students can finance up to 70% of their monthly tuition fees, with payments commencing one month after they complete the course. This financing is adjusted by IPCA index.

DIS is a type of installment payment by which the student pays BRL49.00 for the first monthly tuition fees, and the difference between the amount paid and the full monthly tuition fee (not considering any scholarship and/or benefits) is diluted over the number of monthly tuition payments corresponding to the estimated full term of the minimum regular program, monthly adjusted by the IPCA index.

- (a) In the 2nd quarter, as a result of the adverse impacts of the Covid-19 pandemic, we had an impact on the default and price policy on the monthly tuition fees (Note 1.6).
- (b) Accounts receivable from the FIES (Student Financing Fund) are represented by educational loans raised by students with CEF (Caixa Econômica Federal) and FNDE (National Education Development Fund), whereby the financed funds are transferred monthly by CEF and Banco do Brasil to the specific bank account. Such amount has been used to pay the social security contributions and federal taxes and converted into cash by means of auctions of National Treasury bonds.
- (i) For FIES students with guarantor, it was set up provision for 2.25% of the income with characteristic, considering the assumptions of 15% of credit risk exposure over an estimate default rate of 15%.
- (ii) For the uncovered FGEDUC risk, contracted as from April 2012, a provision was made for 10% of the credits under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 90%), assuming 15% exposure to this credit risk for an estimated default rate of 15%, i.e., 0.225%.
- (iii) For the uncovered FGEDUC risk, contracted up to June 2012, a provision was made for 20% of the credits under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 80%), assuming 15% exposure to this credit risk for an estimated default rate of 15%, i.e., 0.45%.
- (c) A substantial part of credit card receivables consists of late monthly tuition fees and agreements.
- (d) As of September 30, 2020, the adjustment to present value amounts to BRL27,170 (BRL15,343 related to PAR, BRL10,306 to DIS and BRL1,521 related to Credathenas) and as of December 31, 2019, amounts to BRL27,442 (BRL20,814 related to PAR, BRL6,628 to DIS).

The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2020	%	December 31, 2019	%
FIES	164,010	9	295,598	19
To become overdue	994,576	52	628,569	42
Overdue up to 30 days	111,880	6	134,384	9
Overdue for 31 to 60 days	47,642	3	80,080	5
Overdue for 61 to 90 days	28,703	2	65,201	4
Overdue for 91 to 179 days	253,043	13	111,876	7
Overdue for more than 180 days	278,654	15	211,530	14
	<u>1,878,508</u>	<u>100</u>	<u>1,527,238</u>	<u>100</u>

- (i) A substantial portion of the variation is related to financial products (DIS/PAR evasion) and recent acquisitions.

The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2020	%	December 31, 2019	%
To become overdue	68,926	50	24,450	34
Overdue up to 30 days	10,515	8	5,570	8
Overdue for 31 to 60 days	4,515	4	5,018	8
Overdue for 61 to 90 days	3,055	2	5,159	7
Overdue for 91 to 179 days	11,090	8	11,148	15
Overdue for more than 180 days	40,262	28	20,209	28

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

	138,363	100	71,554	100
The activity of Provision for doubtful accounts (PCLD), in the consolidated, is as follows:				
Balance as of December 31, 2018				402,646
Constitution				227,918
Write-off of bills / checks overdue for more than 360 days				(133,270)
Balance on September 30, 2019				497,294
Constitution by acquisition				11,041
Constitution				82,449
Write-off of bills / checks overdue for more than 360 days				(119,594)
Balance as of December 31, 2019				471,190
Constitution by acquisition				103,211
Constitution				379,280
Write-off of bills / checks overdue for more than 360 days				(269,758)
Balance on September 30, 2020				683,923

For the periods ended September 30, 2020, and 2019, expenses for the provision for doubtful accounts, recognized in the statement of income as selling expenses (Note 24), were as follows:

	Consolidated	
	2020	2019
Net effect of PCLD in the income	379,280	227,918
Low / (Reversion) of bills overdue for more than 360 days		(2,232)
	<u>379,280</u>	<u>225,686</u>

5 Related parties

The main balances as of September 30, 2020, and December 31, 2019, as well as the transactions that influenced the income for the period, related to related-party transactions derive from transactions between the Company and its subsidiaries. Related-party transactions that do not incur interest and/or monetary adjustment.

The balance of the subsidiaries' accounts receivable relates to the sharing of corporate expenses and are presented below:

	Parent Company	
	September 30, 2020	December 31, 2019
Current assets		
Current account		
Seses	292	
Irep	104	3
Atual	7	
Seama	8	
São Luís	10	
FACITEC	9	
Estacio Ribeirão Preto	47	1
UNICEL	7	
IESAN	7	
CEUT	10	
FNC	6	
FCAT	6	
Estácio Editora	6	6
Other	5	3
	<u>524</u>	<u>13</u>
Subsidiaries	<u>524</u>	<u>13</u>
	Parent Company	
	September 30, 2020	

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

		December 31, 2019
Current liabilities		
Current account		
Seses		42
Subsidiaries		42

6 Prepaid expenses

	September 30, 2020	Consolidated December 31, 2019
Insurance	2,852	3,144
IPTU (Urban Real Estate Property Tax)	5,251	
Teaching material	19	190
Advance of vacations and charges	3,581	4,008
Registration fee - MEC	2,858	1,755
Technical-pedagogical cooperation - Santa Casa	1,584	1,901
Other prepaid expenses	1,003	794
	<u>17,148</u>	<u>11,792</u>
Current assets	12,921	7,034
Non-current assets	4,227	4,758
	<u>17,148</u>	<u>11,792</u>

In the parent company in the period ended September 30, 2020, there is no amount related to prepaid expenses (BRL283 referring to elementary insurance on December 31, 2019).

7 Taxes and contributions recoverable

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
IRRF (Withholding Income Tax)	2,836	2,685	8,767	13,155
IRPJ/CSLL Prepayments			6,614	6,261
IRPJ/CSLL to be offset (i)	21,188	37,707	117,569	151,152
PIS (Social Integration Program)			1,321	2,231
COFINS (Social Security Financing Contribution)			7,915	8,018
ISS			64,780	59,334
INSS (National Institute of Social Security)			20,581	15,767
OTHER			557	557
	<u>24,024</u>	<u>40,392</u>	<u>228,104</u>	<u>256,475</u>
Current assets	3,891	3,840	114,596	80,050
Non-current assets	20,133	36,552	113,508	176,425
	<u>24,024</u>	<u>40,392</u>	<u>228,104</u>	<u>256,475</u>

- (i) This amount refers to the excess of IRPJ/CSLL prepayments made in previous years, which is applied to offset government taxes. It is adjusted monthly by the Selic rate.

YDUQS Participações S.A.

Management notes to the interim financial information as of September 30, 2020

In thousands of Reais, except when otherwise indicated

8 Investment in subsidiaries

(a) Parent Company YDUQS Participações S.A.

	September 30, 2020		December 31, 2019	
	Investment	Investment Loss	Investment	Investment Loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	3,969,436		1,394,421	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,250,313		1,119,135	
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	3,312		3,424	
Estácio Editora e Distribuidora Ltda. ("Editora")		(30)		(30)
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	168,671		95,160	
	<u>5,391,732</u>	<u>(30)</u>	<u>2,612,140</u>	<u>(30)</u>

The subsidiaries' information is presented below:

September 30, 2020								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Income tax on goodwill from downstream merger	Net income (loss) for the period
SESES	100%	2,977,837	5,140,800	1,171,364	3,969,436			191,049
IREP	100%	528,492	1,729,557	541,686	1,187,871	62,442		30,433
NACP	100%	17,364	1,815	(1,497)	3,312			(1,052)
Editora (i)	100%	251	32	67	(35)	5		(30)
Estácio Ribeirão Preto	100%	23,837	277,876	106,975	170,901		(2,230)	73,456
			<u>7,150,080</u>	<u>1,818,595</u>	<u>5,331,485</u>	<u>62,447</u>	<u>(2,230)</u>	<u>293,886</u>
December 31, 2019								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Income tax on goodwill from downstream merger	Net income (loss) for the fiscal year
SESES	100%	610,677	2,376,452	982,031	1,394,421			445,149
IREP	100%	526,272	1,577,310	520,617	1,056,693	62,442		168,616
NACP	100%	16,614	4,284	860	3,424			(801)
Editora (i)	100%	251	32	67	(35)	5		(30)
Estácio Ribeirão Preto	100%	23,837	225,094	127,704	97,390		(2,230)	84,536
			<u>4,183,172</u>	<u>1,631,279</u>	<u>2,551,893</u>	<u>62,447</u>	<u>(2,230)</u>	<u>697,500</u>

(i) Provision for unsecured liabilities recorded under "Other" in current liabilities of the parent company

The table below presents the overall activity in the investments in subsidiaries in the period ended September 30, 2020, and in the fiscal year ended December 31, 2019:

Investments in subsidiaries as of December 31, 2018	2,151,500
Equity accounting income (loss)	697,500
Capital increase	14,777
Dividends in 2019	(263,909)
Granted options	(1,265)

YDUQS Participações S.A.

Management notes to the interim financial information as of September 30, 2020

In thousands of Reais, except when otherwise indicated

Restricted shares plan	13,537
Investments in subsidiaries as of December 31, 2019	<u>2,612,140</u>
Equity accounting income (loss)	293,885
Capital increase	2,468,100
Granted options	(331)
Restricted shares plan	<u>17,938</u>
Investments in subsidiaries September 30, 2020	<u>5,391,732</u>

The accounting information of the subsidiaries used to apply the equity accounting method was related to the base date of September 30, 2020.

We present below the information on direct subsidiaries' investments:

(b) Parent Company Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")

	<u>2020</u>	<u>2019</u>
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	104,662	96,236
Adtalem Educacional do Brasil Ltda. ("ADTALEM")	<u>2,107,961</u>	
	<u>2,212,623</u>	<u>96,236</u>

We present below the information on SESES' subsidiaries:

<u>September 30, 2020</u>							
	<u>Equity Interest</u>	<u>Number of units of ownership</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Equity</u>	<u>Goodwill</u>	<u>Net income for the period</u>
UNITOLEDO	100%	3,460	49,492	39,541	9,951	94,711	7,939
ADTALEM	100%	1,014,623	<u>2,525,826</u>	<u>484,014</u>	<u>2,041,812</u>	<u>66,149</u>	<u>14,998</u>
			<u>2,575,318</u>	<u>523,555</u>	<u>2,051,763</u>	<u>160,860</u>	<u>22,937</u>

<u>December 31, 2019</u>							
	<u>Equity Interest</u>	<u>Number of units of ownership</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Equity</u>	<u>Goodwill</u>	<u>Net income for the fiscal year</u>
UNITOLEDO	100%	2,110	<u>39,577</u>	<u>37,916</u>	<u>1,661</u>	<u>94,575</u>	<u>860</u>
			<u>39,577</u>	<u>37,916</u>	<u>1,661</u>	<u>94,575</u>	<u>860</u>

The table below represents the overall activities in the investments of the direct subsidiary SESES in its subsidiaries in the period ended September 30, 2020, and the fiscal year ended December 31, 2019.

Equity accounting income (loss)	860
Capital increase	1,000
Acquisition of subsidiary	(199)
Goodwill on the acquisition	<u>94,575</u>
Investments in subsidiaries as of December 31, 2019	<u>96,236</u>
Equity accounting income (loss)	22,937
Capital increase	3,480
Restricted shares plan	1,312
Acquisition of Subsidiary	2,022,373
Goodwill in subsidiary	(680,417)
Goodwill on the acquisition	<u>746,702</u>
Investments in subsidiaries as of September 30, 2020	<u>2,212,623</u>

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

(c) Subsidiary Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")

	September 30 2020	December 31 2019
Sociedade Educacional Atual da Amazônia ("ATUAL")	609,542	586,235
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	7,939	8,921
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	27,036	28,646
Athenas Serviços Administrativos Ltda "ATHENAS"	4,797	
União das Escolas Superiores de JI-PARANA Ltda "UNIJIPA"	40,627	
Pimenta Bueno Serviços Educacionais LTDA "PIMENTA BUENO"	1,066	
Centro Educacional Rolim de Moura Ltda "CENTRO ROLIM"	9,454	
União Educacional Meta Ltda "UNIÃO META"	48,410	
Centro de Educacional do Pantanal Ltda "CENTRO PANTANAL"	14,541	
	<u>763,412</u>	<u>623,802</u>

We present below the information on IREP's subsidiaries:

September 30, 2020								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net profit (loss) for the period
ATUAL	100%	434,477	712,064	118,025	594,039	15,503	609,542	22,510
FAL	100%	20,781	10,032	10,169	(137)	8,076	7,939	(1,732)
FATERN	100%	9,160	16,340	4,283	12,057	14,979	27,036	(1,609)
ATHENAS	100%	50	502	1,313	(811)	5,608	4,797	(103)
UNIJIPA	100%	7,998	30,140	16,606	13,534	27,093	40,627	(14)
PIMENTA BUENO	100%	3,542	6,116	3,951	2,165	(1,099)	1,066	(151)
CENTRO ROLIM	100%	3,874	16,772	10,697	6,075	3,379	9,454	17
UNIÃO META	100%	16,075	47,618	31,797	15,821	32,589	48,410	95
CENTRO PANTANAL	100%	5,157	22,361	12,931	9,430	5,111	14,541	265
			861,945	209,772	652,173	111,239	763,412	19,278
December 31, 2019								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal year
ATUAL	100%	41,927	690,098	119,366	570,732	15,503	586,235	71,588
FAL	100%	20,031	11,621	10,776	845	8,076	8,921	(2,937)
FATERN	100%	9,160	17,980	4,313	13,667	14,979	28,646	(101)
			719,699	134,455	585,244	38,558	623,802	68,550

The table below represents the overall activities in the investments of the direct subsidiary IREP in its subsidiaries in the period ended September 30, 2020, and the fiscal year ended December 31, 2019:

Investments in subsidiaries as of December 31, 2018	579,520
Equity accounting income (loss)	68,550
Capital increase	28,962
Dividends 2019	(53,498)
Restricted shares plan	268

YDUQS Participações S.A.

Management notes to the interim financial information as of September 30, 2020

In thousands of Reals, except when otherwise indicated

Investments in subsidiaries as of December 31, 2019	623,802
Equity accounting income (loss)	19,278
Acquisition of Subsidiary	41,020
Goodwill on the acquisition	72,681
Capital increase	6,536
Granted Options	95
Investments in subsidiaries as of September 30, 2020	763,412

(d) Subsidiary Sociedade Atual da Amazônia ("ATUAL")

	September 30, 2020	December 31, 2019
Sociedade Educacional da Amazônia ("SEAMA")	56,722	49,706
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	1,976	2,785
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	16,014	18,612
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUL")	1,274	1,406
Unisãoluis Educacional S.A. ("SÃO LUIS")	84,651	86,470
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	49,835	48,836
Associação de Ensino de Santa Catarina ("ASSESC")	5,759	6,340
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	53,832	50,724
Instituto de Estudos Superiores da Amazônia ("IESAM")	101,663	94,848
Centro de Ensino Unificado de Teresina ("CEUT")	58,886	48,486
Faculdade Nossa Cidade ("FNC")	92,959	94,155
Faculdades Integradas de Castanhal Ltda. ("FCAT")	43,545	37,526
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	10,077	13,899
	577,193	553,793

We present below the information on ATUAL's subsidiaries:

September 30, 2020								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill I	Goodwill	Net income (loss) for the period
SEAMA	100%	4,407	71,667	32,980	38,687	18,035	56,722	7,016
IDEZ	100%	8,947	3,804	3,875	(71)	2,047	1,976	(1,310)
FARGS	100%	8,606	24,698	16,739	7,959	8,055	16,014	(2,598)
UNIUL	100%	10,328	1,143	825	318	956	1,274	(332)
SÃO LUIS	100%	3,819	102,888	45,605	57,283	27,368	84,651	(1,844)
FACITEC	100%	6,051	95,247	72,066	23,181	26,654	49,835	998
ASSESC	100%	2,916	12,492	11,456	1,036	4,723	5,759	(581)
Estácio Amazonas	100%	48,797	62,899	35,281	27,618	26,214	53,832	3,060
IESAM	100%	14,980	88,686	25,660	63,026	26,797	11,840	6,980
CEUT	100%	16,938	57,775	26,457	31,318	27,568	-	10,353
FNC	100%	22,328	52,765	32,342	20,423	72,046	490	277
FCAT	100%	12,191	54,259	31,002	23,257	20,121	167	6,770
FUFS	100%	13,593	9,935	6,152	3,783	6,255	39	(3,703)
			638,258	340,440	297,818	266,839	12,536	25,086
December 31, 2019								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill I	Goodwill	Net income (loss) for the fiscal year
SEAMA	100%	8,606	60,796	29,125	31,671	18,035	49,706	18,652
IDEZ	100%	8,147	4,151	3,413	738	2,047	2,785	(1,663)
FARGS	100%	9,778	18,084	7,527	10,557	8,055	18,612	1,713
UNIUL	100%	10,028	1,223	773	450	956	1,406	(897)
SÃO LUIS	100%	3,795	100,513	41,411	59,102	27,368	86,470	21,282
FACITEC	100%	6,051	85,039	62,857	22,182	26,654	48,836	4,834

YDUQS Participações S.A.

Management notes to the interim financial information as of September 30, 2020

In thousands of Reais, except when otherwise indicated

ASDESC	100%	2,416	11,755	10,138	1,617	4,723		6,340	(1,209)
Estácio Amazonas	100%	14,980	55,960	31,450	24,510	26,214		50,724	3,362
IESAM	100%	48,796	76,775	20,729	56,046	26,797	12,005	94,848	16,153
CEUT	100%	16,938	46,338	25,420	20,918	27,568		48,486	6,541
FNC	100%	22,328	51,551	31,404	20,147	72,046	1,962	94,155	2,561
FCAT	100%	12,191	46,182	29,694	16,488	20,121	917	37,526	4,649
FUFS	100%	13,593	12,756	5,269	7,487	6,255	157	13,899	(2,248)
			<u>571,123</u>	<u>299,210</u>	<u>271,913</u>	<u>266,839</u>	<u>15,041</u>	<u>553,793</u>	<u>73,730</u>

The table below represents the overall activities in the investments of the direct subsidiary ATUAL in its subsidiaries in the period ended September 30, 2020, and the fiscal year ended December 31, 2019:

Investments in subsidiaries as of December 31, 2018	535,725
Equity accounting income (loss)	73,730
Capital increase	2,450
Amortization of goodwill	(4,882)
Dividends 2019	(53,498)
Restricted shares plan	268
Investments in subsidiaries as of December 31, 2019	<u>553,793</u>
Equity accounting income (loss)	25,086
Capital increase	700
Amortization of goodwill	(2,505)
Capital increase	24
Restricted shares plan	95
Investments in subsidiaries as of September 30, 2020	<u><u>577,193</u></u>

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

9 Intangible Assets
(a) Intangible Assets - Parent Company

	December 31, 2019		September 30, 2020
	Cost	Additions	Cost
Cost			
Goodwill on investments' acquisitions (i)	780,065		780,065
Software use rights	99		99
Integration Project	212		212
Goodwill	79,704		79,704
	860,080		860,080
	Amortization rates	Amortization	Additions
Amortization			Amortization
Software use rights	20% p.a.	(99)	(99)
Integration Project	20% p.a.	(138)	(170)
Goodwill	20 to 33% p.a.	(79,704)	(79,704)
		(79,941)	(32)
			(79,973)
Net residual balance		780,139	(32)
			780,107

	December 31, 2018		September 30, 2019
	Cost	Additions	Cost
Cost			
Goodwill on investments' acquisitions (i)	780,065		780,065
Software use rights	99		99
Integration Project	212		212
Goodwill	79,704		79,704
	860,080		860,080
	Amortization rates	Amortization	Additions
Amortization			Amortization
Software use rights	20% p.a.	(91)	(8)
Integration Project	20% p.a.	(97)	(31)
Goodwill	20 to 33% p.a.	(79,703)	(79,703)
		(79,891)	(39)
			(79,930)
Net residual balance		780,189	(39)
			780,150

(i) Goodwill is an integral part of investments line due to the merger of Estácio Ribeirão Preto Holding.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

(b) Intangibles assets - Consolidated

		December 31, 2019					September 30, 2020
			Additions by Acquisition		Write- offs	Transf.	Reclass.
Cost		Cost	Additions				Cost
Goodwill on investments' acquisitions		1,276,056	831,066	136			2,107,258
Software use rights		441,660	59,333	89,339	(13,827)	2,492	578,795
EAD and Integration		18,360					18,360
Learning Center		102,810		10,866		(325)	113,351
IT Architecture		21,664					21,664
Online class material		8,043					8,043
Knowledge Factory - EAD		44,372		8,637			53,009
Questions Database		13,122		764			13,886
Goodwill (i)		201,185	590,462		(206)		791,441
Other		70,291	19,485	45,473		(2,167)	133,342
		2,197,563	1,500,346	155,215	(14,033)		3,839,149
	Amortization rates	Amortization	Additions by Acquisition		Write- offs	Transf.	Reclass.
Amortization			Additions				Amortization
Goodwill on investments' acquisitions	Undefined	(6,924)					(6,924)
Software use rights	10 to 20% p.a.	(293,265)	(23,545)	(60,755)	12,911	34	(364,619)
EAD and Integration	20% p.a.	(17,904)		(229)			(18,133)
Learning Center	10% p.a.	(43,147)		(9,757)			(52,904)
IT Architecture	17 to 20% p.a.	(16,220)		(2,884)			(19,104)
Online class material	20% p.a.	(7,457)		(246)			(7,703)
Knowledge Factory - EAD	10% p.a.	(13,578)		(3,901)			(17,479)
Questions Database	20% p.a.	(8,002)		(1,895)			(9,897)
Goodwill (i)	2 to 50% p.a.	(158,462)	(57,329)	(27,873)			(243,664)
Other	20 to 50% p.a.	(22,188)	(7,344)	(8,047)		(34)	(37,613)
		(587,147)	(88,218)	(115,587)	12,911		(778,040)
Net residual balance		1,610,416	1,412,128	39,628	(1,122)		3,061,109

(i) Refers to intangible assets allocated in business combination: Client portfolio, Brands and Operating license.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

		December 31, 2018			September 30, 2019	
		Cost	Additions	Write- offs	Transf.	Cost
Cost						
Goodwill on investments' acquisitions		1,181,481				1,181,481
Software use rights		334,996	66,315	(299)	(742)	400,270
EAD and Integration		18,298	38		23	18,359
Learning Center		86,910	11,766			98,676
IT Architecture		21,664				21,664
Online class material		8,043				8,043
Knowledge Factory - EAD		39,304	3,971			43,275
Questions database		11,636	1,018			12,654
Goodwill (i)		173,503				173,503
Other		34,231	17,254	(122)	719	52,082
		<u>1,910,066</u>	<u>100,362</u>	<u>(421)</u>		<u>2,010,007</u>
	Amortization rates	Amortization	Additions	Write- offs	Transf.	Amortization
Amortization						
Goodwill on investments' acquisitions	Undefined	(6,924)				(6,924)
Software use rights	20% p.a.	(236,368)	(40,296)	1		(276,663)
EAD and Integration	20% p.a.	(17,216)	(544)			(17,760)
Learning Center	10% p.a.	(31,018)	(9,097)			(40,115)
IT Architecture	17 to 20% p.a.	(12,375)	(2,884)			(15,259)
Online class material	20% p.a.	(7,007)	(339)			(7,346)
Knowledge Factory - EAD	10% p.a.	(8,784)	(3,535)			(12,319)
Questions database	20% p.a.	(5,624)	(1,768)			(7,392)
Goodwill (i)	20 to 50% p.a.	(153,580)	(3,752)			(157,332)
Other	20% p.a.	(17,350)	(3,608)			(20,958)
		<u>(496,246)</u>	<u>(65,823)</u>	<u>1</u>		<u>(562,068)</u>
Net residual balance		1,413,820	34,539	(420)		1,447,939

(i) Refers to intangible assets allocated in business combination: Client portfolio, Brands and Operating license.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

As of September 30, 2020, and December 31, 2019, net goodwill on acquisitions of investments was represented as follows:

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Goodwill on acquisitions of investments net of accumulated amortization				
IREP			89,090	89,090
UNITOLEDO			94,711	94,575
ADTALEM			758,385	
ATHENAS			72,681	
ATUAL			15,503	15,503
Seama			18,035	18,035
Idez			2,047	2,047
Uniuol			956	956
Fargs			8,055	8,055
São Luis			27,369	27,369
Facitec			26,654	26,654
Assesc			4,723	4,723
Iesam			26,797	26,797
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,120	20,120
FUFS			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
Estácio Editora			5	5
Estácio Ribeirão Preto	9,371	9,371	9,371	9,371
Estácio Ribeirão Preto Holding	770,694	770,694	770,694	770,694
	<u>780,065</u>	<u>780,065</u>	<u>2,100,334</u>	<u>1,269,132</u>

The Company carries out annual impairment tests, the last being for the year ended December 31, 2019, related to goodwill on investment acquisitions and mergers, based on expected future profitability for projected future earnings over the next 10 years using a nominal perpetuity growth rate of 5.0% p.a. and a single nominal discount rate of 13.7% to discount estimated future cash flows.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

10 Property, Plant and Equipment**Property, plant and equipment - Consolidated**

		December 31, 2019						September 30, 2020
		Cost	Additions by Acquisition	Addition	Write- offs	Transf.	Reclass.	Cost
Cost								
Land		19,787	12,346					32,133
Buildings		241,413	82,544	3,851		7,558	2,941	338,307
Third-Party Buildings		1,134,379	404,704	94,194	(7,897)			1,625,380
Improvement works in third parties' real estate properties		364,147	136,953	8,081	(449)	56,296	(2,510)	562,518
Furniture and fixtures		140,155	46,700	8,304	(1,323)	53	38	193,927
Computers and peripherals		182,156	45,447	7,140	(525)		36	234,254
Machinery and equipment		138,724	49,444	8,401	(42,432)	(36)	(2)	154,099
Physical activity equipment		87,887	8,501	11,661	(19)	38	19	108,087
Library		171,481	39,133	576	(404)			210,786
Facilities		64,946	9,682	4,784			10	79,422
Tablets		9,309			(9,309)			
Constructions in progress		41,790	6,943	62,933		(63,909)	(590)	47,167
Assets retirement		27,471						27,471
Business combination			76,441					76,441
Other		18,342	2,453	357	(27)			21,125
		<u>2,641,987</u>	<u>921,291</u>	<u>210,282</u>	<u>(62,385)</u>		<u>(58)</u>	<u>3,711,117</u>
	Depreciation rates	Depreciation	Additions by Acquisition	Addition	Write- offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(67,310)	(58,434)	(5,700)			(636)	(132,080)
Third-Party Buildings	21.60% p.a.	(163,985)	(71,405)	(154,885)	2,296			(387,979)
Improvement works in third parties' real estate properties		(191,733)		(31,522)	449		636	(222,170)
Furniture and fixtures	4 to 11.11% p.a.	(71,906)	(28,523)	(10,622)	1,272			(109,779)
Computers and peripherals	8.33 to 10% p.a.	(145,829)	(37,521)	(12,276)	513	(624)	(1)	(195,738)
Machinery and equipment	20 to 25% p.a.	(94,621)	(13,320)	(7,576)	43,457	624		(71,436)
Physical activity equipment	8.33 to 10% p.a.	(28,005)	(2,554)	(4,530)	12			(35,077)
Library	6.67% p.a.	(84,379)	(23,543)	(6,590)	404			(114,108)
Facilities	5 to 10% p.a.	(25,970)	(6,396)	(3,945)				(36,311)
Tablets	8.33 to 20% p.a.	(8,901)		(408)	9,309			
Assets retirement	20% p.a.	(18,267)		(1,522)				(19,789)
Business combination				(4,080)				(4,080)
Other	2.3 to 33.33% p.a.	(8,859)	(2,007)	(1,734)	22			(12,578)
	14.44 to 20% a.							
		<u>(909,765)</u>	<u>(243,703)</u>	<u>(245,390)</u>	<u>57,734</u>		<u>(1)</u>	<u>(1,341,125)</u>
Net residual balance		1,732,222	677,588	(35,108)	(4,651)		(59)	2,369,992

In the parent company, the amount of BRL7 in the period ended September 30, 2020, relates to computers and peripherals (BRL11 in the fiscal year ended December 31, 2019).

December 31,
2018September
30, 2019

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

		Cost	Additions	Write-offs	Transf.	Cost
Cost						
Land		19,295				19,295
Buildings (i)		228,384	1,334,228		(2,692)	1,559,920
Improvement works in third parties' real estate properties		295,799	26,001	(299)	14,139	335,640
Furniture and fixtures		109,851	16,056	(11,072)	17,006	131,841
Computers and peripherals		163,139	16,807	(7,106)	296	173,136
Machinery and equipment		132,029	13,425	(208)	(10,999)	134,247
Physical activity/hospital equipment		61,854	16,183	(61)	(6)	77,970
Library		167,613	1,159	(63)	(48)	168,661
Facilities		53,920	6,229	(41)	105	60,213
Tablets		32,442		(22,669)		9,773
Constructions in progress		14,385	35,779	(60)	(17,602)	32,502
Assets retirement		26,951	(163)	(67)		26,721
Other		16,595	1,838	(63)	(418)	17,952
		<u>1,322,257</u>	<u>1,467,542</u>	<u>(41,709)</u>	<u>(219)</u>	<u>2,747,871</u>
	Depreciation rates	Depreciation	Additions	Write-offs	Transf.	Depreciation
Depreciation						
Buildings	21.50% p.a.	(63,174)	(142,649)		358	(205,465)
Improvement works in third parties' real estate properties		(158,360)	(24,879)	127	203	(182,909)
Furniture and fixtures	11.11% p.a.					
Computers and peripherals	8.33% p.a.	(58,893)	(7,776)	757	(984)	(66,896)
Machinery and equipment	25% p.a.	(133,827)	(14,234)	7,045	158	(140,858)
	8.33% p.a.	(75,059)	(12,274)	150	485	(86,698)
		(22,664)	(3,203)	34	11	(25,822)
Physical activity/hospital equipment	6.67% p.a.					
Library	5% p.a.	(75,523)	(5,552)	62	3	(81,010)
Facilities	8.33% p.a.	(21,854)	(2,977)	14	(28)	(24,845)
Tablets	20% p.a.	(28,510)	(2,976)	22,659		(8,827)
Assets retirement		(16,479)	(1,682)	66		(18,095)
Other	14.44% p.a.	(6,809)	(1,523)	52	13	(8,267)
		<u>(661,152)</u>	<u>(219,725)</u>	<u>30,966</u>	<u>219</u>	<u>(849,692)</u>
Net residual balance		<u>661,105</u>	<u>1,247,817</u>	<u>(10,743)</u>		<u>1,898,179</u>

(i) Some assets acquired through financing or leasing (Note 11) were given as guarantee in respect to the related agreements. The Company and its subsidiaries did not grant other guarantees for assets owned by them in any transaction carried out.

Machinery and equipment, peripherals, furniture and fixtures and property rental include the following amounts where the Group is a lessee under a finance lease:

December 31,
2019

September 30, 2020

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

		<u>Cost</u>	<u>Additions by Acquisition</u>	<u>Additions</u>	<u>Write-offs</u>	<u>Cost</u>
Cost						
Financial leases capitalized		1,227,630	404,704	95,904	(51,396)	1,676,842
		<u>1,227,630</u>	<u>404,704</u>	<u>95,904</u>	<u>(51,396)</u>	<u>1,676,842</u>
	<u>Depreciation rate</u>	<u>Depreciation</u>	<u>Additions by Acquisition</u>	<u>Additions</u>	<u>Write-offs</u>	<u>Depreciation</u>
Depreciation						
Financial leases capitalized	21.60% p.a.	(243,938)	(71,405)	(159,566)	46,833	(428,076)
		<u>(243,938)</u>	<u>(71,405)</u>	<u>(159,566)</u>	<u>46,833</u>	<u>(428,076)</u>
Net accounting balance		<u>983,692</u>	<u>333,299</u>	<u>(63,662)</u>	<u>(4,563)</u>	<u>1,248,766</u>

The Group leases a number of rights-of-use assets, such as machinery and equipment, peripherals, furniture and fixtures and properties rental, under non-cancelable lease agreements. The lease terms are according to the contract term, and the assets title does not belong to the Group. All the Group's leases are recognized by the operation's net present value.

11 Loans and financing

Type	Financial charges	Parent Company		Consolidated	
		September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
In local currency					
Fifth debenture issuance (1st Series)	CDI+0.585% p.a.	250,417	254,968	250,417	254,968
Fifth debenture issuance (2nd Series)	CDI+0.785% p.a.	350,435	357,087	350,435	357,087
Santander loan	CDI +1.10% p.a.	602,098		602,098	
ABC loan	CDI +3.85% p.a.	51,293		51,293	
Safra loan	CDI +2.80% p.a.	202,699		202,699	
FINEP loan	6% p.a	2,626	3,080	2,626	3,080
Itaú CCB loan	CDI +2.70% p.a.	149,913		149,913	
Bradesco CCB Loan	CDI +2.70% p.a.	357,949		357,949	
Itaú promissory notes	CDI+2.5% p.a.	357,064		357,064	
Citibank loan	CDI+2.75% p.a	75,870		75,870	
In foreign currency					
	Libor +0.62, +0.64 and +0.69993% p.a				
Citibank loan		1,075,418		1,075,418	
		3,475,782	615,135	3,475,782	615,135
Current liabilities		394,410	13,586	394,410	13,586
Non-current liabilities		3,081,372	601,549	3,081,372	601,549
		3,475,782	615,135	3,475,782	615,135

The amounts recorded as non-current liabilities as of September 30, 2020, and December 31, 2019, present the following maturity schedule:

<u>Parent Company</u>		<u>Consolidated</u>	
<u>September</u>	<u>December</u>	<u>September</u>	<u>December</u>

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

	<u>30, 2020</u>	<u>31, 2019</u>	<u>30, 2020</u>	<u>31, 2019</u>
2021	195,253	137	195,253	137
2022	2,385,140	250,338	2,385,140	250,338
2023	325,297	175,378	325,297	175,378
2024	175,553	175,553	175,553	175,553
As from 2025	<u>129</u>	<u>143</u>	<u>129</u>	<u>143</u>
Non-current liabilities	<u>3,081,372</u>	<u>601,549</u>	<u>3,081,372</u>	<u>601,549</u>

The Company and its subsidiaries do not offer any of their assets as collateral for their loans.

The amounts of the Group loans are mainly in Reais, of which only three are in USD (US dollars).

In February 2020, the Company concluded the contracting of the 1st loan of a line 4131 with Citibank in the amount of USD125,000 (converted to BRL541,675 in equivalent quotation on that date) with single amortization of the principal on February 17, 2022, at the cost of Libor + 0.69993% p.a.

In February 2020, the Company concluded the contracting of the 2nd loan of a line 4131 with Citibank in the amount of USD40,000 (converted to BRL173,336 in equivalent quotation on that date) with single amortization of the principal on February 18, 2021, at the cost of Libor + 0.62% p.a.

In February 2020, the Company concluded the contracting of the 3rd loan of a line 4131 with Citibank in the amount of USD25,000 (converted to BRL109,537 in equivalent quotation on that date) with single amortization of the principal on February 25, 2022, at the cost of Libor + 0.64% p.a.

In March 2020, the Company concluded the contracting of a CCB with Santander in the amount of BRL500,000, with a single amortization of the principal on March 4, 2022, at the cost of 100% of CDI + 1.095% p.a.

In March 2020, the Company completed the third issue of promissory notes in the total amount of BRL500,000 in two series, the first series at a cost of 100% of the CDI + 2.5% p.a. in the principal amount of BRL350,000 maturing on March 17, 2022, and the 2nd series at a cost of 100% + 2.5% p.a. in the principal amount of BRL150,000, maturing on March 29, 2021.

In April 2020, the Company concluded the contracting of a CCB with Citibank in the amount of BRL75,000, with a single amortization of the principal on April 4, 2022, at the cost of 100% of CDI + 2.75% p.a.

In April 2020, the Company completed the fourth issue of promissory notes in the total amount of BRL350,000 in a single series, at the cost of 100% of the CDI + 2.7% p.a. maturing on April 9, 2021.

In April 2020, the Company concluded the contracting of a CCB with Santander in the amount of BRL100,000, with a single amortization of the principal on April 20, 2021, at the cost of 100% of CDI + 3.69% p.a.

In April 2020, the Company concluded the contracting of a CCB with ABC in the amount of BRL50,000, with a single amortization of the principal on April 28, 2021, at the cost of 100% of CDI + 3.85% p.a.

In June 2020, the Company concluded the contracting of a CCB with Safra in the amount of BRL200,000, with a single amortization of the principal on June 09, 2022, at the cost of 100% of CDI + 2.80% p.a.

In September 2020, the Company concluded the contracting of a CCB with Itaú in the amount of BRL150,000, with a single amortization of the principal on April 04, 2023, at the cost of 100% of CDI + 2.70% p.a.

In September 2020, the Company fully settled the second series of the third issue of Promissory Notes with Banco Itaú in the amount of BRL153,133.

In September 2020, the Company concluded the contracting of a CCB with Bradesco in the amount of BRL360,000, with a single amortization of the principal on September 23, 2022, at the cost of 100% of CDI + 2.70% p.a.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

In September 2020, the Company fully settled the fourth issue of Promissory Notes with Banco Bradesco in the amount of BRL358,337.

The agreements held with several creditors include covenants that require the maintenance of certain financial indexes with previously established parameters. As of September 30, 2020, and December 31, 2019, the subsidiaries and the parent company reached all indices required in the agreements.

12 Leases

The lease liability arises from the recognition of future payments and the right to use the leased asset for practically all lease agreements, including the operational ones, and certain short-term or small amounts agreements may be out of scope.

Lease agreements are secured by the underlying assets.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

	September 30, 2020	Consolidated December 31, 2019
Leases payable	1,995,335	1,526,620
Lease interest	(642,494)	(490,103)
	<u>1,352,841</u>	<u>1,036,517</u>
Current liabilities	207,464	156,468
Non-current liabilities	<u>1,145,377</u>	<u>880,049</u>
	<u>1,352,841</u>	<u>1,036,517</u>

The increase in lease liabilities arises from the Company's net debt addition. Depreciation and interest are recognized in the statement of income as a replacement of operational lease expenses ("rent").

Changes in leasing assets and liabilities in the period:

Right of use asset

	Buildings from third parties	Other	Consolidated Total
Right-of-use asset as of December 31, 2019	970,394	13,298	983,692
Additions by acquisition	333,299		333,299
Additions	94,193	1,711	95,904
Write-offs	(5,602)	1,039	(4,563)
Depreciation	<u>(154,884)</u>	<u>(4,682)</u>	<u>(159,566)</u>
Right-of-use asset as of September 30, 2020	<u>1,237,400</u>	<u>11,366</u>	<u>1,248,766</u>

Lease liabilities

	Buildings from third parties	Other	Consolidated Total
Right-of-use liability as of December 31, 2019	1,021,766	14,750	1,036,516
Additions by acquisition	354,237		354,237
Additions	94,193	1,711	95,904
Write-offs	(5,864)	1,039	(4,825)
Interest incurred	84,422	416	84,838
Payment of principal	<u>(208,698)</u>	<u>(5,131)</u>	<u>(213,829)</u>
Right-of-use liability as of September 30, 2020	<u>1,340,056</u>	<u>12,785</u>	<u>1,352,841</u>
Current	202,344	5,121	207,465
Non-current	<u>1,137,712</u>	<u>7,664</u>	<u>1,145,376</u>
	<u>1,340,056</u>	<u>12,785</u>	<u>1,352,841</u>

Right of use asset

	Buildings from third parties	Other	Consolidated Total
Right-of-use asset as of December 31, 2018		34,172	34,172
Additions by acquisition			
Additions	1,285,565		1,285,565
Write-offs		(10,171)	(10,171)
Depreciation	<u>(92,663)</u>	<u>(11,017)</u>	<u>(103,680)</u>

YDUQS Participações S.A.

Management notes to the interim financial information as of September 30, 2020

In thousands of Reais, except when otherwise indicated

Right-of-use asset as of September 30, 2019	1,192,902	12,984	1,205,886
<u>Lease liabilities</u>			
	Consolidated		
	Buildings from third parties	Other	Total
Right-of-use liability as of December 31, 2018		33,048	33,048
Additions	1,285,565		1,285,565
Write-offs		(9,565)	(9,565)
Interest incurred	29,354	86	29,440
Payment of principal	(109,100)	(11,763)	(120,863)
Right-of-use liability as of September 30, 2019	1,205,819	11,806	1,217,625
Current	165,511	8,428	173,939
Non-current	1,040,308	3,378	1,043,686
	1,205,819	11,806	1,217,625

13 Salaries and welfare charges

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Salaries, indemnity amounts and welfare charges payable	1,456	651	177,593	103,480
Provision for vacation			72,696	32,952
Provision for 13th Salary			67,000	
	1,456	651	317,289	136,432

14 Tax obligations

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
ISS (Services Tax) payable	8	3	29,630	17,317
IRRF payable	95	84	10,905	12,973
PIS and COFINS payable	304	51	6,502	3,723
	407	138	47,037	34,013
IRPJ payable			38,206	1,615
CSLL payable			13,232	410
			51,438	2,025
	407	138	98,475	36,038

15 Tax installment payment

	September 30, 2020	Consolidated December 31 2019
IRPJ	1,577	1,992
CSLL (Social Contribution on Net Income)	19	27
FGTS (Government Severance Indemnity Fund for Employees)	962	1,195
ISS	3,674	59
PIS (Social Integration Program)	80	85
COFINS (Social Security Financing Contribution)	547	623
INSS (National Institute of Social Security)	9,591	10,546
OTHER	500	221

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

	16,950	14,748
Current liabilities	3,471	3,729
Non-current liabilities	13,479	11,019
	16,950	14,748

The balance of tax installment payment is monthly adjusted by the Selic rate.

These tax installment payments are related to taxes with Municipal Governments, the Federal Revenue Office and the Social Security, and their long-term maturities are presented below:

	September 30, 2020	Consolidated December 31, 2019
2021	4,758	1,949
2022	2,605	2,538
2023	2,605	2,538
2024	2,067	2,082
2025	419	868
2026 to 2029	1,025	1,044
	13,479	11,019

16 Acquisition price payable

	September 30, 2020	Consolidated December 31 2019
SÃO LUIS	9,903	9,683
CEUT (i)	3,042	3,375
FUFS	2,308	2,279
UNITOLEDO	48,825	47,693
ADTALEM (ii)	43,500	
ATHENAS GRUPO EDUCACIONAL (iii)	14,074	
	121,652	63,030
Real estate properties acquisition (iv)	731	653
	122,383	63,683
Current liabilities	31,659	19,142
Non-current liabilities	90,724	44,541
	122,383	63,683

(i) In January 2020, an advance settlement was made of the share due to the former partner Mr. Honório Bona.

(ii) On October 18, 2019, the Company acquired through the parent company SESES all the units of ownership of Adtalem Brasil Holding S/A, in which we have a balance payable for the companies acquired from the group in the total amount of BRL42,421 on September 30, 2020.

(iii) On June 04, 2020, the company acquired through the parent company IREP all the units of ownership of Athenas Grupo Educacional (Athenas Serviços Administrativos LTDA., Centro de Educação de Rolim De Moura LTDA., Centro de Educação do Pantanal LTDA., Pimenta Bueno Serviços Educacionais LTDA., União Educacional Meta LTDA., UNIJIPA – União Das Escolas Superiores de Ji-Paraná LTDA, in which we have a balance payable of BRL14,074 on September 30, 2020.

(iv) Balance related to the commitment entered into between IREP and União Norte Brasileira de Educação e Cultura - UNBEC concerning various real estate properties located in the City of Fortaleza, State of Ceará.

It basically refers to the amount payable to former owners, related to the acquisition of related companies and real estate properties, being adjusted monthly by one of the following indexes: SELIC, IPCA (General Market Price Index), IGP-M or the variation of CDI, depending on the agreement.

The amounts recorded as non-current liabilities as of September 30, 2020, and December 31, 2019, present the following maturity schedule:

Consolidated

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

	September 30, 2020	December 31 2019
2021	61,702	29,939
2022	29,022	14,602
	<u>90,724</u>	<u>44,541</u>

17 Contingencies

The Company's subsidiaries are party to various civil, labor and tax proceedings at different court levels. Management, based on the opinion of its external legal counsel, made a provision for amounts considered sufficient to cover potential losses from pending litigation.

As of September 30, 2020, and December 31, 2019, the provision for contingencies was comprised as follows:

Consolidated

	September 30, 2020		December 31, 2019	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	82,917	20,898	24,073	17,904
Labor	108,668	52,157	90,960	42,330
Tax	18,806	18,579	3,383	15,856
	<u>210,391</u>	<u>91,634</u>	<u>118,416</u>	<u>76,090</u>

In the period ended September 30, 2020, the amount of BRL278 relates to the parent company's contingency, of which BRL50 relates to the civil and BRL228 to tax contingencies (BRL306 in the fiscal year ended December 31, 2019, of which BRL107 related to civil and BRL199 to tax contingencies) and as of September 30, 2020, the amount of BRL223 refers to the parent company's judicial deposits (BRL216 in the fiscal year ended December 31, 2019).

The activity in the provision for contingencies is shown below:

	Civil	Labor	Tax	Total
Balances as of December 31, 2018	20,019	98,453	8,445	126,917
Additions	44,389	42,788	5,518	92,695
Reversals	(9,919)	(11,223)	(5,229)	(26,371)
Write-offs for payments	(35,133)	(44,972)	(4,804)	(84,909)
Monetary adjustment	4,717	5,914	(547)	10,084
Balances as of December 31, 2019	24,073	90,960	3,383	118,416
Additions by Acquisition	7,688	14,636	11,774	34,098
Additions	86,541	45,320	8,727	140,588
Reversals	(13,513)	(9,491)	(4,680)	(27,684)
Write-offs for payments	(22,729)	(35,552)	(680)	(58,961)
Monetary adjustment	857	2,795	282	3,934
Balances as of September 30, 2020	<u>82,917</u>	<u>108,668</u>	<u>18,806</u>	<u>210,391</u>

In the periods ended September 30, 2020, and 2019, expenses with the provision for contingencies, recognized in the statement of income were as follows:

	2020	2019
Composition of the income		
Additions	140,588	72,757
Reversals	(27,684)	(19,313)
Monetary adjustment	3,934	8,188
Provision for contingencies	<u>116,838</u>	<u>61,632</u>
General and administrative expenses (Note 24)	(112,904)	(53,444)
Financial income (Note 26)	(3,934)	(8,188)
	<u>(116,838)</u>	<u>(61,632)</u>

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

(a) Civil

Most proceedings involve mainly claims for indemnity for moral and property damages arising from incorrect collections and late issue of diplomas, among other matters of operational and/or educational nature, as well as a number of claims entailing real estate law.

The provisions recognized for civil lawsuits are due to the following matters:

Matter	Amounts
Real estate	33,694
Success Fees	12,531
Undue Collection	10,757
Accreditation and Cancellation of the Course	4,970
Pain and Suffering / Property Damage	4,610
Issue of Certificate Of Completion/Diploma and Commencement Date	2,997
Registration	2,076
FIES	1,595
Monthly fee	639
PROUNI	477
Stage	413
Procon Fine	184
System Access	100
Other (i)	7,874
	<u>82,917</u>

(i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions and other compensation claims.

(b) Labor

The main labor claims are seeking overtime, unused vacations, recognition of employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain teachers.

The provisions recognized for labor lawsuits are due to the following matters:

Matter	Amounts
Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice period	39,138
Overtime + Elimination of Breaks During and Between Shifts	15,724
Deviation from Agreed Position and Salary Parity	9,115
Employer's Social Security Payment	7,466
Fine (Article 467 Consolidated Labor Laws - CLT -, Article 477 CLT AND CCT/ACT)	5,234
Success Fees	4,605
Fees	4,569
Pain and Suffering / Property damage / Moral Harassment	2,327
Income Tax / Interest and Monetary Restatement	1,977
Vacations	1,907
Additional (Health Hazard Allowance/Extra Allowance for Night Work/Enhancement/Length of Service/Risk Premium)	1,619
Work and Social Security Card (CTPS) Rectification + Indirect Termination + Employment Relationship Recognition	93
Stability	12
Other (ii)	14,882
	<u>108,668</u>

(i) Claims in addition to those listed above (resulting from them) and union fees.

(c) Tax

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

The tax proceedings mainly relate to tax immunity, escalation of social security contributions arising from the Law No. 11.096/05 and exclusion of scholarships from the ISS calculation basis and fines for alleged non-compliance with ancillary obligations (special regimes of accounting bookkeeping).

The provisions recognized for tax claims are due to the following matters:

Matter	Amounts
Success Fees	6,527
IRPJ / CSLL / IRRF	4,897
Miscellaneous fines	2,648
ISS	2,488
Social Security Contributions	2,021
Sewage Charges / Fees	225
	<u>18,806</u>

(d) Possible losses, not provisioned in the statement of financial position

The Company has tax, civil and labor cases involving risks of loss classified by management as possible, based on the opinion of its legal advisers. These proceedings do not have to be provisioned for under the accounting practices currently in force.

	Consolidated	
	September 30, 2020	December 31 2019
Civil	291,190	265,875
Labor	424,208	378,533
Tax	<u>586,968</u>	<u>516,177</u>
	<u>1,302,366</u>	<u>1,160,585</u>

On April 24, 2020, the Company completed the acquisition of Subsidiary Adtalem, which has tax, civil and labor cases involving risks of loss classified by management as possible, based on the opinion of its legal advisers. These proceedings do not have to be provisioned for under the accounting practices currently in force. The approximate amount of the cases is BRL39,627 (BRL18,326 Tax, BRL9,816 labor and BRL11,485 civil).

The main proceedings classified as possible loss can be grouped as follows:

Civil Matter	Amounts
Real estate	132,276
Undue Collection	43,218
FIES	16,574
Pain and Suffering / Property Damage	14,567
Monthly fee	12,903
Issue of Certificate of Completion/Diploma and Commencement Date	11,922
Registration	7,908
Accreditation and Cancellation of the Course	2,020
PROUNI	1,394
Stage	634
System Access	530
Procon Fine	187
Other (i)	<u>47,057</u>
	<u>291,190</u>

- (i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions and other compensation claims.

Labor	Amounts
--------------	----------------

**Management notes to the interim financial information
as of September 30, 2020**
In thousands of Reais, except when otherwise indicated

Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice Period + Compensation	165,580
Overtime + Elimination of Breaks During and Between Shifts	70,333
Reintegration	61,898
Fees	31,205
Pain and Suffering / Property Damage / Moral Harassment	17,416
Additional (Health Hazard Allowance/Extra Allowance for Night Work/Enhancement/Length of Service/Risk Premium)	16,854
Employer's Social Security Payment	13,425
Fine (Article 467 Consolidated Labor Laws - CLT -, Article 477 CLT AND CCT/ACT)	11,226
Vacations	9,944
Deviation from Agreed Position and Salary Parity	9,638
Work and Social Security Card (CTPS) Rectification + Indirect Termination + Employment Relationship Recognition	1,041
Stability	792
Other (ii)	14,856
	424,208

(i) Claims in addition to those listed above (resulting from them) and union fees.

Tax Matter	Amounts
Contribution to Social Security Contribution / FGTS	278,057
ISS	266,415
IRPJ / CSLL / IRRF	18,034
PIS AND COFINS	10,051
Other	8,003
Miscellaneous fines	3,510
ICMS (State Goods and Services Tax) Electric Power	1,986
IPTU / FORO / IPVA (Tax on Vehicles)	912
	586,968

Among the main proceedings that were not provisioned in the financial information, we can highlight those involving amounts above BRL10,000:

Social security contributions:

- (i) Due to the divergence of understanding regarding the initial date of the rate grading provided for in article 13 of Law No. 11.096/05 ("PROUNI Act"), Tax Enforcements were issued by the National Treasury against SESES to recover debts related to the alleged differences in payments of social security contributions. We submitted the respective motion against these enforcements, in which SESES filed a petition stating the favorable decision had been made final and unappealable in the case records of ordinary proceeding No. 0017945-16.2009.4.02.5101. On August 13, 2019, the Ministry of Finance informed the court that the debts under collection would be rectified to reflect the reasoning forming the final and unappealable decision in favor of YDUQS. In October 2019 an official DEMAC notice was attached stating that it had made the rectifications to the DEBCADs, after determining the effects resulting from the final and unappealable decision, by way of the dossier opened at the Federal Revenue Office (RFB). SESES filed a statement requesting release of the proportional amounts deposited at the escrow account. On July 7, 2020, a decision was rendered on one of the Tax Enforcements to grant the request made by SESES for the release of the excess amount deposited in court, of BRL5,027. On August 6, 2020, an order was issued determining that the CEF should be officiated to transfer the already restated amount of BRL5,040. The ruling is awaited in the case records of the motion to stay tax execution. The total amount involved changed to BRL87,646.
- (ii) Tax assessment notices against SESES for alleged non-performance of the principal tax liability for the period from February 2007 to December 2007. The Company appealed requesting the cancellation of the tax assessment notice claiming that they were clearly groundless. The appeal was partially accepted, and considered the percentage of the employers' contributions at the rate of 20% as from the month in which the Company changed from a non-profit entity to a company. On January 16, 2018, the Company filed an annulment action to contest the remaining debt. The interim relief claimed was awarded. On February 20, 2018, the Ministry of Finance filed a Tax Enforcement proceeding to demand the debit and the annulment action was dismissed without prejudice as a result of having its grounds due to the filing of the Tax Enforcement. On May 2, 2018, SESES filed a Motion against the Tax Enforcement, the Ministry of Finance

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

filed its contestation and SESES submitted its rebuttal. The lower-court decision is pending judgment. The total amount involved is BRL23,661.

- (iii) The Federal Tax Authorities filed tax assessment notices against SESES for alleged social security contribution debts for the period January 2006 to January 2007 and failure to comply with auxiliary obligations. The tax assessment notices mainly challenge the fulfilment of legal requirements to classify SESES as a social assistance beneficent entity and its corresponding right to exemption from social security contributions, a condition that it held until February 9, 2007. In August 2012, SESES was notified of the trial court's decision that partially granted the appeal to our respective challenges, to recognize the peremption and exclude the period from January 2006 to July 2006 from the entries, with the remainder being maintained inspection arguments. A Voluntary Appeal was filed on September 27, 2012. On September 20, 2016, the tax assessment notices were distributed. On March 4, 2020, the case record was reassigned to the Rapporteur. At the moment, it is awaiting the inclusion of the appeal on the agenda for judgment. The total amount involved is BRL133,986.
- (iv) The Federal Revenue Office issued a decision not approving the compensation made by SESES and IREP of social security contributions made in GFIP in the periods from October 2013 to December 2015. The offset credits were calculated on undue payments of social security contributions (lapsed) in Labor Claims, in addition to payments unduly made on amounts that do not have a compensation nature (1/3 of vacation, notice period and justified absences). In both cases, unfavorable decisions were rendered at the 1st administrative level, with the respective Voluntary Appeals being presented and currently awaiting the inclusion of both appeals on the agenda for judgment in the CARF. The total amount involved is BRL42,253.

ISS - Tax on services:

- (i) The Tax Enforcement issued by the Municipality of Niterói, in connection with the tax assessment notice issued on September 29, 2009, is demanding Services Tax (ISS) from SESES for the period January 2004 to January 2007, considering the suspension of tax immunity by the municipal administration as a result of the alleged non-compliance with requirements for qualifying for the benefits provided by article 14 of CTN, that is, because the tax/accounting bookkeeping was supposedly not presented for inspection under the terms of the legislation in force. Motions were filed against the enforcement on September 16, 2013. Expert analyses were carried out, with a report favorable to the company. However, the municipality of Niterói contested the expert report, contending it should be rejected as it had not been notified of the scheduled date and location. The request was accepted and the second expert analysis conducted on November 26, 2019, concluded once again that SESES' accounting records for the disputed period were in full compliance with legal requirements. SESES filed a new statement regarding the new expert analysis. Judgment by the lower court is pending. The total amount involved is BRL69,405.
- (ii) On August 14, 2018, a Tax Enforcement was brought against Sociedade Tecnopolitana da Bahia Ltda. (STB), merged into IREP in June 2010, for failure to pay taxes on services (ISS) in the period 2007 to February 2011. The assessment arose from a due diligence in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. On October 3, 2018, a Motion to Stay Execution was filed. On December 3, 2019, the Municipality filed its challenge. On March 5, 2020, the case record was held by the judge under advisement and a decision was rendered on June 2, 2020, summoning IREP to make a statement the Municipality's challenge. On June 25, 2020, IREP statement was filed. Judgment by the lower court is pending. The total amount involved is BRL21,965.
- (iii) The Municipality of Salvador filed a Tax Enforcement claiming alleged ISS tax liabilities for the period of July 2012 to November 2013, due to discrepancies regarding the fixing of the tax calculation base (deductibility of study grants from the ISS calculation base). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. After appointment of the accounting expert and appointment of the respective retained experts. On June 15, 2020, the last installment of expert fees was paid. The company is waiting for the expert's opinion. The total amount involved is BRL12,691.

18 Equity

(a) Share Capital

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

The share capital may be increased by the Board of Directors, irrespective of the statutory reform, up to the limit of one billion (1,000,000,000) shares. As of September 30, 2020, the share capital is represented by 309,088,851 common shares.

The shareholding structure of the Company on September 30, 2020, and December 31, 2019, is presented below:

Shareholders	Common shares			
	September 30, 2020	%	December 31 2020	%
Managers and directors	691,794	0.2	485,994	0.2
Treasury	7,891,768	2.6	8,428,182	2.7
Other (i)	300,505,289	97.2	300,174,675	97.1
	<u>309,088,851</u>	<u>100</u>	<u>309,088,851</u>	<u>100</u>

(i) Free float

(b) Activity of capital shares

There were no changes in the shares during the period ended September 30, 2020.

(c) Treasury shares

On May 16, 2018, the Board of Directors approved an extension to the 5th buyback program from 12 to 18 months, expiring on December 21, 2018. By the end of the program a total of ten million five hundred and fifteen thousand seven hundred (10,515,700) common shares had been bought back, equal to 66.16% of the total shares targeted by the program.

	Quantity	Average Cost	Balance
Treasury shares as of December 31, 2019	8,428,182	23.02	194,031
SOP payment using treasury shares (Note 18 d.3)	(536,414)	23.02	(12,348)
Treasury shares as of September 30, 2020	<u>7,891,768</u>	<u>23.02</u>	<u>181,683</u>

(d) Capital reserves**(d.1) Goodwill on share subscription**

The goodwill reserve refers to the difference between the subscription price that the shareholders pay for the shares and their par value. Since this is a capital reserve, it can only be used to increase capital, offset losses, redeem, reimburse or purchase shares or pay cumulative dividends on preferred shares.

The share subscription goodwill in the financial statements as of September 30, 2020, and December 31, 2019, is as follows:

	Parent Company	
	September 30, 2020	December 31 2019
Taxes reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special premium reserve under merger	85	85
Goodwill on shares subscription	<u>498,899</u>	<u>498,899</u>
	<u>595,464</u>	<u>595,464</u>

(i) Profits earned prior to the Company's conversion into a business company

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

The goodwill on the share issuance is comprised as follows:

	September 30, 2020
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	<u>522,204</u>
Goodwill on share issuance	<u><u>498,899</u></u>

(d.2) Granting options

The Company recorded the capital reserve for stock options granted, as mentioned in Note 20. As required by the technical pronouncement, the fair value of the options was determined on the grant date and is being recognized over the vesting period up to this individual and consolidated quarterly information date.

(d.3) Goodwill and Negative Goodwill on treasury shares sale

The goodwill and negative goodwill on treasury shares sale refers to the difference between the acquisition price that the Company paid for the shares and the sale amount when using the shares to pay for the options granted.

The negative goodwill on the sale of treasury shares is represented as follows as of September 30, 2020, and December 31, 2019:

	Quantity of shares	Sale	Amount paid	Negative Goodwill
Negative Goodwill as of December 31, 2019	2,603,184	43,709	32,871	10,838
SOP payment in 2020	<u>38,250</u>	<u>881</u>	<u>699</u>	<u>182</u>
Discount as of September 30, 2020	<u><u>2,641,434</u></u>	<u><u>44,590</u></u>	<u><u>33,570</u></u>	<u><u>11,020</u></u>

(e) Profits reserves

As of December 31, 2019, from the income accumulated by the Company, the amount of BRL460,375 was allocated to the Profit Retention Reserve referring to potential acquisitions, expansion and improvements in infrastructure, technology and organic expansion, as provided for in the Company's bylaws. This profit retention proposal was approved by the General Meeting held on April 24, 2020.

19 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company's assets and liabilities financial instruments as of September 30, 2020, and December 31, 2019, are recorded in equity accounts in amounts compatible to those practiced in the market.

Information regarding criteria, assumptions and limits used to calculate the market values did not change in relation to the financial statements as of December 31, 2019.

Derivative financial instruments

Although the derivative transaction is intended to protect the Company from fluctuations arising from its exposure to foreign exchange risk, it was decided not to adopt the hedge accounting methodology. Accordingly, the Swap transaction, which on September 30, 2020, presented a positive fair value of BRL234,461 as a corresponding entry to the results.

We present below the information related to the derivatives financial instruments held by the Company as of September 30, 2020, recorded at fair value with effect on income:

Market Value (BRL M)

YDUQS Participações S.A.

Management notes to the interim financial information as of September 30, 2020

In thousands of Reais, except when otherwise indicated

Swap Agreements	Principal Contracted (USD)	Principal Contracted	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Assets	Liabilities	Gross income
Citibank	40,000,000	173,336,000	Libor + 0.62% p.a.	CDI + 0.60%	Feb 18, 2020	Feb 18, 2021	226,395	173,848	52,546
Citibank	125,000,000	541,675,000	Libor + 0.6993% p.a.	CDI + 0.70%	Feb 18, 2020	Feb 17, 2022	707,563	543,341	164,222
Citibank	25,000,000	109,537,500	Libor + 0.64% p.a.	CDI + 0.70%	Feb 27, 2020	Feb 25, 2022	141,460	109,796	31,664
Total							1,075,418	826,985	248,432

19.1 Fair value hierarchy

The table below presents the financial instruments recorded at fair value using the measurement method:

	Consolidated	
	September 30, 2020	December 31, 2019
Level 2		
Financial assets at the fair value through statement of income		
Financial investments	1,895,389	596,861
	<u>1,895,389</u>	<u>596,861</u>

The measurement of financial instruments is grouped at levels from 1 to 3, based on the level of quotation of their fair value:

Level 1 - prices quoted in active markets for identical assets and liabilities;

Level 2 - other techniques for which all input with significant effect on the fair value is observable, either directly or indirectly; and

Level 3 – techniques using input with significant effect on the fair value that is not based on observable market input.

During the period ended September 30, 2020, there were no transfers arising from fair value measurements between levels 1 and 2, not inside or outside level 3.

19.2 Financial risk factors

All Group's operations are performed with banks having recognized liquidity, which mitigates their risks. Management records a provision for doubtful accounts in an amount considered sufficient to cover possible risks of realization of accounts receivable; therefore, the risk of incurring losses resulting from the difficulty of receiving billed amounts is measured and recorded in the accounts. The main market risk factors affecting the Group are the following:

(a) Credit risk

This risk related to difficulties in collecting amounts for services provided.

The Group is also subject to credit risk on its financial investments.

The credit risk related to the provision of services is minimized by a strict control of the student base and by the active management of default levels and the pulverization of balances. In addition, the Company requires the settlement or negotiation of the amounts overdue upon return of the students for classes in the next semester.

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate according to the investments policy approved by the Board of Directors. The balances of cash and cash equivalents, securities and judicial deposits are held at financial institutions with A to AAA credit rating assigned by the credit rating agencies Standard & Poor's, Fitch and Moody's. In the event of two or more ratings, the

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

rating of the majority shall prevail. In the event of different ratings, the Company adopts the higher rating as a basis.

(b) Interest rate risk

The Group is exposed to fluctuations in the Interbank Deposit Certificate (CDI) rate, which is used to adjust its financial investments and debts. In addition, any increase in interest rates could increase the cost of students' loans, including loans under the terms of the FIES program, and decrease the demand for the courses.

(c) Exchange rate risk

The Group's income is susceptible to variations due to exchange rate volatility, since to its assets and liabilities are linked to a currency other than its functional currency. However, as the Company has a Swap agreement for lines 4131, exposure to foreign exchange risk does not exist.

(d) Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient cash resources available to meet its commitments due to the different terms of settlement of its rights and obligations.

The control of the Group's liquidity and cash flow is monitored daily by the Group's Management areas, in order to ensure that the operational cash generation and the previous fundraising, when necessary, are sufficient to maintain its commitments' schedule, not posing liquidity risks for the Group.

The table below analyzes the Group's financial liabilities, by maturity ranges, corresponding to the remaining period of the reporting date of the statement of financial position until the contractual maturity date. The amounts presented in the table are the contracted cash flows not discounted.

	Consolidated			
	Less than one year	Between one and two years	Between two and five years	More than five years
As of September 30, 2020				
Trade accounts payables	220,280			
Loans	394,410	413,638	2,482,743	517,765
Financial lease obligations	207,464	247,997	326,216	949,571
Acquisition price payable	31,659	64,487	31,113	
As of December 31, 2019				
Trade accounts payables	126,651			
Loans	13,586	30,893	644,181	51
Financial lease obligations	156,468	293,331	223,903	526,527
Acquisition price payable	19,142	31,639	16,394	

(e) Sensitivity analysis

The CVM Resolution No. 550 of October 17, 2008, sets forth that publicly-held companies must disclose, in a specific note, qualitative and quantitative information on all their financial instruments, recognized or not as assets or liabilities in the statement of financial position.

The Group's financial instruments consist of cash and cash equivalents, accounts receivable and payable, judicial deposits and loans and financing, and are recorded at cost adjusted by revenues or charges incurred, which was close to market value as of September 30, 2020, and December 31, 2019.

The main risks underlying the Group's operations are linked to changes in the CDI (Interbank Certificates of Deposit) rate.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

CVM Instruction No. 475 of December 17, 2008, provides that specific information on financial instruments must be shown in a specific note, and that a table must be included with details of a sensitivity analysis.

Loans in Brazilian Reais consist of transactions for which the carrying amount is close to the fair value of these financial instruments.

Investments linked to CDI rate are recorded at fair value, according to the quotations disclosed by the respective financial institutions. Most of the other investments refer to bank deposit certificates and repurchase agreements and, therefore, the value recorded for these securities does not differ from market value.

With the purpose to verify the sensitivity of the index for the financial investments to which the Company was exposed on the base date of September 30, 2020, three different scenarios were defined. Based on the CDI rate officially published by CETIP on September 30, 2020 (1.90% p.a.), this rate was used as the probable scenario for the year. After that, rate variations of 25% and 50% were calculated for scenarios II and III, respectively.

For each scenario, "gross financial revenues and financial costs" were calculated, disregarding the levy of taxes on the investments' yields. The base date used for the portfolio was September 30, 2020, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

Scenario for CDI rise				
Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments BRL1,895,389	CDI	1.90% 36,012	2.38% 45,015	2.85% 54,019
Debentures V - 1st T BRL250,759	CDI + 0.585%	2.50% (6,259)	2.97% (7,457)	3.45% (8,655)
Debentures V - 2nd T BRL351,149	CDI + 0.79%	2.70% (9,481)	3.18% (11,162)	3.66% (12,843)
Citibank (125MM USD) BRL543,341	CDI + 0.70%	2.61% (14,199)	3.09% (16,798)	3.57% (19,397)
Citibank (40MM USD) BRL173,848	CDI + 0.60%	2.51% (4,366)	2.99% (5,197)	3.47% (6,027)
Citibank (25MM USD) BRL109,796	CDI + 0.70%	2.61% (2,869)	3.09% (3,394)	3.57% (3,920)
CCB - Santander 500 MM BRL501,003	CDI + 1.10%	3.02% (15,109)	3.50% (17,515)	3.98% (19,921)
3rd PN - Itaú - 1st series BRL358,976	CDI + 2.50%	4.45% (15,965)	4.93% (17,713)	5.42% (19,461)
CCB - Itaú BRL150,542	CDI + 2.70%	4.65% (7,002)	5.14% (7,737)	5.63% (8,471)
CCB - Citibank BRL75,870	CDI + 2.75%	4.70% (3,568)	5.19% (3,938)	5.68% (4,308)
CCB - Bradesco	CDI + 2.70%	4.65%	5.14%	5.63%

YDUQS Participações S.A.
**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

BRL360,195		(16,754)	(18,511)	(20,268)
CCB Santander 100 MM BRL101,133	CDI + 3.69%	5.66% (5,724)	6.15% (6,222)	6.65% (6,720)
CCB - ABC BRL51,294	CDI + 3.85%	5.82% (2,987)	6.32% (3,240)	6.81% (3,493)
CCB - Safra BRL202,699	CDI + 2.80%	4.75% (9,635)	5.24% (10,624)	5.73% (11,614)
Net Position		<u>(77,906)</u>	<u>(84,493)</u>	<u>(91,079)</u>

Scenario fall of CDI

Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments BRL1,895,389	CDI	1.90% 36,012	1.43% 27,009	0.95% 18,006
Debentures V - 1st T BRL250,759	CDI + 0.585%	2.50% (6,259)	2.02% (5,061)	1.54% (3,863)
Debentures V - 2nd T BRL351,149	CDI + 0.79%	2.70% (9,481)	2.22% (7,800)	1.74% (6,119)
Citibank (125MM USD) BRL543,341	CDI + 0.70%	2.61% (14,199)	2.13% (11,600)	1.66% (9,001)
Citibank (40MM USD) BRL173,848	CDI + 0.60%	2.51% (4,366)	2.03% (3,535)	1.56% (2,705)
Citibank (25MM USD) BRL109,796	CDI + 0.70%	2.61% (2,869)	2.13% (2,344)	1.66% (1,819)
CCB - Santander 500 MM BRL501,003	CDI + 1.10%	3.02% (15,109)	2.54% (12,703)	2.06% (10,298)
3rd PN - Itaú - 1st series BRL358,976	CDI + 2.500%	4.45% (15,965)	3.96% (14,218)	3.47% (12,470)
CCB - Itaú BRL150,542	CDI + 2.70%	4.65% (7,002)	4.16% (6,268)	3.68% (5,533)
CCB - Citibank BRL75,870	CDI + 2.750%	4.70% (3,568)	4.21% (3,197)	3.73% (2,827)
CCB - Bradesco BRL360,195	CDI + 2.70%	4.65% (16,754)	4.16% (14,997)	3.68% (13,240)
CCB Santander 100 MM BRL101,133	CDI + 3.690%	5.66% (5,724)	5.17% (5,226)	4.68% (4,728)

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

CCB - ABC BRL51,294	CDI + 3.85%	5.82% (2,987)	5.33% (2,734)	4.84% (2,481)
CCB - Safra BRL202,699	CDI + 2.800%	4.75% (9,635)	4.26% (8,645)	3.78% (7,655)
Net Position		(77,906)	(71,319)	(64,733)

We present below the Company's variations in assets and liabilities linked at the exchange rate.

The sensitivity analysis related to foreign exchange risk refers to the position on September 30, 2020, and seeks to simulate how an exchange rate stress could affect the Company.

In addition, three scenarios were outlined, I, II and III, which represent, respectively, the probable scenario and the possible deterioration scenarios of 25% and 50% in the risk variable. To carry out the analysis, the Company uses as a premise of the probable scenario the exchange rate at the end of 2020 disclosed in the last Focus Report - BACEN prior to the close of the period. Based on the probable exchange rate, scenarios of deterioration of 25% and 50% of the risk variable are generated.

The table below represents the sensitivity analysis involving the net effect resulting from these shocks in the exchange rate. We have decided to keep the Swap long leg separate from the short leg in order to make the effect of the derivative more evident.

Operations	Risk	Scenario for dollar rise		
		Scenario (I)	Scenario (II)	Scenario (III)
Swap - Long Leg 1,075,418	Exchange rate	5.48 1,042,543	6.85 1,303,179	8.22 1,563,815
Debt in USD 190,000	Exchange rate	5.48 (801,705)	6.85 (1,002,132)	8.22 (1,202,558)
Net position		240,838	301,047	361,257

(f) Capital Management

The Company's debt in relation to Equity for the period ended September 30, 2020, and for the year ended December 31, 2019, is presented below:

	Consolidated	
	September 30, 2020	December 31, 2019
Loans and financing (Note 11)	3,475,782	615,135
(-) Cash and cash equivalents (Note 3)	(25,176)	(12,251)
(-) Financial Instruments - SWAP (Note 19)	(248,432)	
Net debt	3,202,174	602,884
Equity	3,321,200	3,102,352
Net debt on equity	0.96	0.19

(g) Offsetting of financial instruments

There are no significant assets or liabilities subject to contractual offsetting as of September 30, 2020, and December 31, 2019.

20 Managers' compensation

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

(a) Compensation

In the periods ended September 30, 2020, and 2019, the total compensation (salaries and profit sharing) of the Company's directors, officers and main executives was BRL21,870 and BRL16,006, respectively. These compensations are within the limits approved at the corresponding shareholders' meetings.

The Company and its subsidiaries do not grant post-employment benefits, termination benefits or other long-term benefits to Management and their employees, except for the shares option plan described in Note 20 (b).

(b) Shares option plan

The history and the details of the shares option plans did not change in relation to the information presented in the financial statements as of December 31, 2019.

As of September 30, 2020, the number of options granted, which were exercised accumulated from all programs, was 13,359,572 shares (BRL115,461), of which 11,218,904 shares from closed programs and 2,140,668 shares from active programs. The total number of shares granted, less the forfeited shares is 16,903,402 shares (BRL156,942), of which 12,042,223 shares of closed programs and 4,861,179 shares of active programs.

Granted options programs with balance of shares to be exercised:

Programs	Granted	Options Forfeited	Options Abandoned	Exercised	Balance of shares
6P	5,090,000	2,247,000	1,919,419	866,214	57,367
7P	889,000	379,200	331,174	97,526	81,100
8P	983,000	463,400	50,127	458,813	10,660
10P	1,105,779	554,000	107,779	419,000	25,000
11P	991,010	554,010	20,255	299,115	117,630
Overall Total	9,058,789	4,197,610	2,428,754	2,140,668	291,757

The total of granted shares that were exercised in the last quarters is as follows:

	Shares exercised
December 31, 2018	12,842,762
March 31, 2019	12,901,362
June 30, 2019	13,181,276
September 30, 2019	13,203,276
December 31, 2019	13,208,276
March 31, 2020	13,229,276
June 30, 2020	13,229,276
September 30, 2020	13,359,572

The assumptions used to calculate each granting, based on the Binominal model, are as follows:

YDUQS Participações S.A.

Management notes to the interim financial information as of September 30, 2020

In thousands of Reais, except when otherwise indicated

Program	End of Grace Period	Maturity Date	Granted Options	Price of Base Asset	Annual Volatility Expectation	Payment of Dividends	Risk-free Interest Rate	Option Estimated Life (years)	Fair value	Quantity Forfeited
11st Program Apr17	04/23/2018	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	6.14	13,500
11st Program Apr17	04/23/2019	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	6.84	86,000
11st Program Apr17	04/23/2020	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	7.41	132,500
11st Program Apr17	04/23/2021	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	7.86	132,500
11st Program Apr17	04/23/2022	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	8.26	132,500
11st Program Apr17 Cons.	04/23/2018	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	0	6.14	25,505
11st Program Apr17 Cons.	04/23/2019	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	0	6.84	25,505
10th Program Jul16	04/15/2017	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	6.89	2,000
10th Program Jul16	04/15/2018	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	7.89	33,000
10th Program Jul16	04/15/2019	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	8.61	153,000
10th Program Jul16	04/15/2020	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	9.18	183,000
10th Program Jul16	04/15/2021	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	9.64	183,000
10th Program Jul16 Cons.	04/15/2017	07/19/2026	32,890	R\$ 15.12	59.18%	0.00%	12.50%	0	6.89	0
10th Program Jul16 Cons.	04/15/2018	07/19/2026	32,889	R\$ 15.12	59.18%	0.00%	12.50%	0	7.89	0
9th Program Apr16	04/15/2017	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	6.02	20,000
9th Program Apr16	04/15/2018	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	6.66	20,000
9th Program Apr16	04/15/2019	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.14	80,000
9th Program Apr16	04/15/2020	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.52	80,000
9th Program Apr16	04/15/2021	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.83	80,000
9th Program Apr16 Cons.	04/15/2017	05/01/2019	450,000	R\$ 11.87	54.57%	0.00%	12.93%	0	3.17	100,000
9th Program Apr16 Cons.	04/15/2018	05/01/2020	450,000	R\$ 11.87	54.57%	0.00%	12.93%	0	4.43	100,000
8P Program	04/15/2016	04/15/2026	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	5.45	2,000
8P Program	04/15/2017	04/15/2027	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	6.42	56,800
8P Program	04/15/2018	04/15/2028	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	7.2	81,200
8P Program	04/15/2019	04/15/2029	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	7.88	150,200
8P Program	04/15/2020	04/15/2030	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	8.47	173,200
7P Program Oct14	04/15/2015	04/15/2025	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	8.58	16,000
7P Program Oct14	04/15/2016	04/15/2026	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	9.71	37,000
7P Program Oct14	04/15/2017	04/15/2027	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	10.64	86,000
7P Program Oct14	04/15/2018	04/15/2028	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	11.47	104,400
7P Program Oct14	04/15/2019	04/15/2029	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	12.24	135,800
6P Program Aug14	04/15/2015	04/15/2025	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	14.48	0
6P Program Aug14	04/15/2016	04/15/2026	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	15.1	28,000
6P Program Aug14	04/15/2017	04/15/2027	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	15.74	28,000
6P Program Aug14	04/15/2018	04/15/2028	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	16.38	28,000
6P Program Aug14	04/15/2019	04/15/2029	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	16.98	44,000
6P Program Aug14 Cons.	04/15/2015	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	0	14.43	0
6P Program Aug14 Cons.	04/15/2016	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	0	15.02	0
6P Program Jul14	04/15/2015	04/15/2025	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	15.13	0
6P Program Jul14	04/15/2016	04/15/2026	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	15.76	80,000
6P Program Jul14	04/15/2017	04/15/2027	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	16.41	602,000
6P Program Jul14	04/15/2018	04/15/2028	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	17.05	608,000
6P Program Jul14	04/15/2019	04/15/2029	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	17.65	608,000
6P Program Jul14 Cons.	04/15/2015	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	0	15.09	0
6P Program Jul14 Cons.	04/15/2016	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	0	15.69	0
6P Program Oct13	04/15/2014	04/15/2024	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	5.05	5,000
6P Program Oct13	04/15/2015	04/15/2025	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	5.79	5,000
6P Program Oct13	04/15/2016	04/15/2026	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	6.4	19,000
6P Program Oct13	04/15/2017	04/15/2027	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	6.94	88,000
6P Program Oct13	04/15/2018	04/15/2028	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	7.43	104,000
5P Program 3	04/15/2014	04/15/2024	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	6.37	0
5P Program 3	04/15/2015	04/15/2025	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	7.02	21,000
5P Program 3	04/15/2016	04/15/2026	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	7.6	102,000
5P Program 3	04/15/2017	04/15/2027	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	8.11	102,000
5P Program 3	04/15/2018	04/15/2028	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	8.58	123,000
4P Program Jan/13	04/15/2014	04/15/2024	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.23	7,200
4P Program Jan/13	04/15/2015	04/15/2025	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.35	7,200
4P Program Jan/13	04/15/2016	04/15/2026	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.48	7,200
4P Program Jan/13	04/15/2017	04/15/2027	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.62	88,200
4P Program Jan/13	04/15/2018	04/15/2028	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.75	94,200

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

The Company recognizes the share options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of income, as general and administrative expenses, in the line item personal and welfare charges. In the period ended September 30, 2020, a reversal of BRL357 was recognized (reversal of BRL961 in the fiscal year ended December 31, 2019). As of September 30, 2020, the provision amounted BRL74,610 (BRL74,966 as of December 31, 2019).

The variations in the number of outstanding share options and their corresponding weighted average prices for the year are presented below:

Executive Board

	September 30, 2020		December 31, 2019	
	Average price for the share exercise	Options - thousands	Average price for the share exercise	Options - thousands
January 1,	13.88	149,000	13.81	300,000
Granted	17.82	21,000	14.35	83,000
Exercised	15.55	26,000	0.00	0.00
Forfeited	14.59	64,000	14.35	68,000
	13.10	38,000	13.81	149,000

Board of directors

	September 30, 2020		December 31, 2019	
	Average price for the share exercise	Options - thousands	Average price for the share exercise	Options - thousands
January 1,	10.13	65,779	10.13	65,779
Abandoned	10.13	65,779	0.00	0.00
	10.13	0	10.13	65,779

(c) Performance Share Program

On October 18, 2018, the special general meeting approved the Company's new Restricted Share Option Program.

The purpose of the Plan is to allow the grant of Restricted Shares to Beneficiaries selected by the Board of Directors, subject to certain conditions, with the objective of: (a) encouraging the expansion, success and achievement of the corporate purpose of the Company and the companies under its control; (b) encouraging better management of the Company and the companies under its control, awarding participants the possibility of being Company's shareholders, thereby encouraging them to optimize all aspects that could value the company in the long term; (c) aligning the interests of the beneficiaries with the shareholders' interests; and (d) encouraging the retaining of managers and employees at the Company or in the companies under its control.

The managers and employees of the Company or of the company under its control may be elected as Plan beneficiaries, as defined by the Board of Directors.

The total number of restricted shares that may be granted under the Plan may not exceed, together with the options and/or shares granted under other compensation plans based on the Company's shares (which will be considered in the calculation of the total limit established herein), the total limit of 3% of the Company's capital on the date of approval of each Program.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

The reference price of each restricted share used to define the number of restricted shares granted to each beneficiary will correspond to the weighted average quote of the Company's shares on B3 S.A. during the thirty (30) trading sessions prior to the date of each Program.

Each Program created by the Board of Directors will have a term of five (5) years, and the restricted shares granted will be divided into five (5) equal annual lots, with the vesting period occurring annually.

Exceptionally, with respect to the 1st Program, approved by the Board of Directors in 2018, the vesting period for the first 20% of restricted shares granted ended on April 15, 2019, with the delivery of the respective restricted shares to the beneficiaries within 30 days of the end of the vesting period, so that the vesting period for each of the other lots of 20% will end on April 15 each year, with the delivery of the respective restricted shares within a maximum of 30 days.

For the Restricted Shares Granting Plan, the provision for the program in the fiscal year ended September 30, 2020, is BRL17,659 (BRL15,603 as of December 31, 2019). The accumulated provision as of September 30, 2020, is BRL20,620 (BRL14,429 as of December 31, 2019). In the 2nd quarter we reversed BRL1,808 of the provision for the payment of labor charges for tranche 1 of the shares vested on April 15, 2019.

As of September 30, 2020, the number of shares granted and delivered was 924,465 shares, and the total shares granted amounted to 6,032,100 shares.

Programs	Granted	Additional shares dividends	Additional shares performance	Shares delivered	Unvested	Cancelled	Forfeited
1P	1,395,500	77,104	40,825	409,712	482,131	47,386	574,200
1P - Cons.	130,000	9,441		139,441			
1P - Esp.	300,000	22,376	16,158	117,812	215,432	5,289	
2P	879,000		41,500	207,500	618,000		95,000
2P - Cons.	98,000				98,000		
2P - Esp.	100,000		5,000	25,000	80,000		
3P	630,000				550,000		80,000
3P - Esp.	200,000				200,000		
4P	100,000		5,000	25,000	80,000		
5P	80,000				80,000		
6P	1,299,600				1,299,600		
7P	360,000				360,000		
8P	460,000				460,000		
Overall Total	6,032,100	108,921	108,483	924,465	4,523,163	52,675	749,200

21 Earnings per share

The table below presents information on the earnings and shares used to calculate basic and diluted earnings per share.

(a) Earnings per share - basic

	2020	2019
Numerator		
Net income for the period	200,714	588,081
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	301,001	300,385
Net earnings per lot of 1000 shares - basic	<u>0.66682</u>	<u>1.95776</u>

(b) Earnings per share - diluted

	2020	2019
Numerator		
Net income for the period	200,714	588,081

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	301,001	300,385
Potential increase in the number of shares due to the stock option plan	408	
Weighted average of outstanding shares	301,409	300,385
Net earnings per lot of 1000 shares - diluted	0.66592	1.95776

22 Net revenue from services provided

	Consolidated	
	2020	2019
Gross revenues -in-class	4,207,618	3,752,506
Gross revenue - distance learning	1,448,565	912,648
	5,656,183	4,665,154
Deduction from gross revenue	(2,765,480)	(1,942,162)
Grants - scholarships (i)	(2,518,665)	(1,780,398)
Refund of monthly tuition fees and charges	(18,296)	(16,577)
Discounts granted (ii)	(81,223)	(114)
Taxes	(115,217)	(107,689)
Adjustment to present value - PAR	5,471	11,281
Adjustment to present value - DIS	(3,678)	(2,970)
FGEDUC	(26,643)	(34,138)
Other	(7,229)	(11,557)
	2,890,703	2,722,992

(i) It refers to the provision created for "Estácio com Você" program and court decisions in the amount of BRL131.6 (Note 1.6).

(ii) Refers to the punctuality discount of subsidiary Adtalem.

23 Costs of services provided

	Consolidated	
	2020	2019
Personnel and welfare charges	(800,949)	(777,798)
Electricity, water, gas and telephony	(22,780)	(29,075)
Rental, condominium fees and IPTU	(36,503)	(29,215)
Postage and Mailbags	(776)	(1,349)
Depreciation and amortization	(249,963)	(213,468)
Teaching material	(5,953)	(4,897)
Third-party services - security and cleaning	(32,682)	(41,348)
Other	(77,476)	(30,217)
	(1,227,082)	(1,127,367)

24 Selling, general and administrative expenses

	Parent Company		Consolidated	
	2020	2019	2020	2019
Selling expenses				
Provision for doubtful accounts (Note 4)			(379,280)	(225,686)
Advertising			(209,440)	(161,648)
Sales and marketing			(49,807)	(49,135)

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

Other			240	(319)
			<u>(638,287)</u>	<u>(436,788)</u>
General and administrative expenses				
Personnel and welfare charges	(5,341)	(4,026)	(180,951)	(129,121)
Third-party services	(3,832)	(2,741)	(95,081)	(62,344)
Consumables			(1,637)	(1,609)
Maintenance and repairs	(88)	(137)	(37,906)	(33,613)
Depreciation and amortization	(36)	(42)	(111,013)	(72,080)
Educational agreements		(1)	(15,773)	(17,783)
Travel and accommodation	(5)	(50)	(3,196)	(6,509)
Institutional events			(267)	(1,224)
Provision for contingencies (Note 17)	50	(162)	(112,904)	(53,444)
Photocopies and bookbinding			(2,255)	(3,382)
Insurance	(5,198)	(5,951)	(7,360)	(6,880)
Cleaning material			(3,172)	(2,471)
Transportation	(2)	(1)	(1,935)	(3,428)
Vehicle rental			(1,750)	(2,614)
Other	(218)	(158)	(29,959)	(29,369)
	<u>(14,670)</u>	<u>(13,269)</u>	<u>(605,159)</u>	<u>(425,871)</u>

25 Other operating revenues/expenses

	Parent Company		Consolidated	
	2020	2019	2020	2019
Revenues with agreements	2,266	544	2,266	544
Lease revenues			3,426	8,244
Business intermediation revenues			721	1,611
Capital gain (loss) with property, plant and equipment			1	(487)
Provision for losses other revenue			(6,397)	(229)
Other operating income (expenses)	4	424	(83)	571
	<u>2,270</u>	<u>968</u>	<u>(66)</u>	<u>10,254</u>

26 Financial income

	Parent Company		Consolidated	
	2020	2019	2020	2019
Financial revenues				
Late payment fines and interest			34,310	24,843
Revenues from financial investments	12,477	9,996	28,682	37,660
Derivatives fair value (SWAP) (ii)	234,461		234,461	
Tax credits adjustment	476	924	3,828	8,198
DIS/PAR Update and Others			14,923	8,168
	<u>247,414</u>	<u>10,920</u>	<u>316,204</u>	<u>78,869</u>
Financial expenses				
Bank expenses	(370)	(433)	(9,270)	(27,592)
Interest and financial charges	(57,739)	(37,281)	(82,511)	(65,365)
Adjustment of provision for contingencies (Note 17)	(22)	(10)	(3,934)	(8,188)
Financial discounts (i)			(94,554)	(66,412)
Negative exchange variation			(5,358)	(4,930)
Exchange variation on loans in foreign currency (ii)	(265,735)		(265,735)	
Expenses with loans	(4,191)	(1,266)	(4,191)	(1,266)
Lease interest - Right of use			(84,836)	(43,690)
Other	(249)	(600)	(10,764)	(7,316)
	<u>(328,306)</u>	<u>(39,590)</u>	<u>(561,153)</u>	<u>(224,759)</u>

(i) Related to discounts granted upon renegotiation of overdue monthly tuition fees.

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

(ii) It refers to loans in foreign currency and derivatives contracted to protect the Company from foreign exchange exposure.

27 Income by business segment

	In-class courses		EAD (Distance Learning)		YDUQS	
	2020	2019	2020	2019	2020	2019
Gross operating revenue	4,207,618	3,752,506	1,448,565	912,648	5,656,183	4,665,154
(-) Gross revenue deductions	(2,065,722)	(1,555,821)	(699,758)	(386,341)	(2,765,480)	(1,942,162)
Net operating revenue	<u>2,141,896</u>	<u>2,196,685</u>	<u>748,807</u>	<u>526,307</u>	<u>2,890,703</u>	<u>2,722,992</u>
Costs of services provided	(1,105,546)	(1,060,104)	(121,536)	(67,263)	(1,227,082)	(1,127,367)
Personnel	(757,882)	(743,883)	(43,067)	(33,915)	(800,949)	(777,798)
Rental, condominium fees and IPTU	(36,323)	(29,223)	(180)	8	(36,503)	(29,215)
Teaching material	(6,386)	(6,017)	(343)	(229)	(6,729)	(6,246)
Third parties' services and other	(59,451)	(70,278)	(73,487)	(30,362)	(132,938)	(100,640)
Depreciation	(245,504)	(210,703)	(4,459)	(2,765)	(249,963)	(213,468)
Gross income	<u>1,036,350</u>	<u>1,136,581</u>	<u>627,271</u>	<u>459,044</u>	<u>1,663,621</u>	<u>1,595,625</u>

28 Income tax and social contribution

The reconciliation of taxes assessed according to nominal tax rates and the amount of tax recorded for the periods ended September 30, 2020, and 2019, are presented below:

	Parent Company		Consolidated	
	2020	2019	2020	2019
Income before income tax and social contribution	200,593	587,957	175,160	597,330
Nominal rate combined from income tax and social contribution - %	34	34	34	34
Income tax and social contribution at legislation rates	(68,202)	(199,906)	(59,554)	(203,092)
Equity accounting income (loss)	99,921	213,836		
Goodwill			6,088	
Non-deductible expenses (i)			(586)	(2,444)
Tax loss - not constituted	(31,490)	(13,806)	(30,954)	(15,265)
Other			(152)	2,527
	<u>229</u>	<u>124</u>	<u>(85,158)</u>	<u>(218,274)</u>
Tax benefits				
Tax incentive - Prouni			107,067	204,371
Tax Incentive - Lei Rouanet			234	4,427
Current income tax and social contribution in the income for the period	<u>229</u>	<u>124</u>	<u>22,143</u>	<u>(9,476)</u>

(i) It basically consist of expenses for sponsorships, donations and gifts.

Parent Company		Consolidated	
2020	2019	2020	2019

**Management notes to the interim financial information
as of September 30, 2020**

In thousands of Reais, except when otherwise indicated

Current income tax and social contribution			(80,588)	(53,254)
Deferred income tax and social contribution	229	124	100,944	43,778
Income tax and social contribution of previous periods			5,306	227
	<u>229</u>	<u>124</u>	<u>25,662</u>	<u>(9,249)</u>

As of September 30, 2020, the Company recorded deferred tax credit from the temporary differences in the amount of BRL291,734 (BRL160,136 as of December 31, 2019). The breakdown of the tax effect on the temporary additions that gave rise to such credit is as follows:

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Adjustment to present value			8,555	9,626
Provision for contingencies	94	104	71,533	40,261
Provision for doubtful accounts (PCLD)			93,356	46,995
Monthly tuition fees to be billed / cancelled			33,942	20,390
Provision for retirement			7,981	6,231
Provision for property, plant and equipment losses				
Goodwill			(34,399)	(14,526)
Provision for FIES Risk			14,481	7,248
Recognized granted options	428	191	43,925	36,268
Leases			31,615	13,499
Business combination			(27,679)	
Goodwill incorporated			(11,290)	(11,290)
Depreciation	14	13	6,814	4,540
Tax loss			53,282	894
Other assets			(382)	
	<u>536</u>	<u>308</u>	<u>291,734</u>	<u>160,136</u>
Assets	536	308	296,004	163,025
Liabilities			(4,270)	(2,889)
	<u>536</u>	<u>308</u>	<u>291,734</u>	<u>160,136</u>

The realization of the deferred tax effect on temporary differences recorded at September 30, 2020, is linked to the realization of the provision which gave rise to this credit. Consequently, it is not currently possible to present expected annual realization, since the Company's management is not yet able to forecast the timing of the realization of the provision for contingencies and the provision for retirement.

On September 30, 2020, subsidiary IREP accounted for a deferred income tax and social contribution liabilities amounting to BRL9,060 due to the tax amortization of goodwill generated upon acquisition of the companies merged into it.

As of September 30, 2020, the Company recorded tax credits arising from income tax loss and social contribution negative base amounting to BRL172,479 (BRL140,988 at December 31, 2019) that were not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

29 Commitments

The table below presents the required and non-cancelable annual minimum future payments related to the contractual obligations undertaken by the Company as of September 30, 2020, and December 31, 2019.

	Consolidated		
	Less than one year	Between one and five years	More than five years

YDUQS Participações S.A.**Management notes to the interim financial information
as of September 30, 2020****In thousands of Reais, except when otherwise indicated**

As of September 30, 2020			
Campus leases / rental agreement	330,883	1,209,255	825,232
Commitments as of December 31, 2019			
Campus leases / rental agreement	208,371	708,406	408,864

* * *

EARNINGS RELEASE

3Q20

YDUQS



November 9th, 2020



Índice
Brasil 50 **IBRX 50**

Índice de
Ações com Governança
Corporativa Diferenciada **IGC**

Índice de
Ações com Tag Along
Diferenciado **ITAG**

YDUQ3 | YDUQY

B3 ADR

Rio de Janeiro, November 9th, 2020 - **YDUQS Participações S.A.**, one of the largest one of the largest organizations in Brazil's higher education private sector, **presents its results for the third quarter of 2020 (3Q20).**

The Company's financial information is presented based on the consolidated numbers, in Brazilian Reais, in accordance with Brazilian Corporation Law and the accounting practices adopted in Brazil (BRGAAP), already in accordance with International Financial Reporting Standards (IFRS).

The consolidated results account for the group Athenas Educacional (August and September) and Adtalem Brasil Holding Ltda. (May to September). In order to have a better comparison of the quarterly results, the Company has decided to release operational and financial information under a proforma format, excluding the effects of the acquisitions of Adtalem and Athenas when indicated.

This document may have forward-looking statements that are subject to risks and uncertainties that lead such expectations to not materialize or substantially differ from expectations. These forecasts express the opinion only for the date they were made, and the Company does not undertake to update them in the light of new information.

EARNINGS CONFERENCE CALL

November 10th, 2020 | 8:00 a.m (EST)

+55 (11) 3137-8056

[Clique Aqui para acessar a WebCast](#)

IR CONTACT

Mayte Albuquerque | Pedro Yagelovic | Rosimere Nunes | Milena Gonçalves

ri@yduqs.com.br | +55 (21) 3311-9019 | 3311-9875

Visite nosso site: <https://www.yduqs.com.br>



The third quarter of the year was quite challenging and shows that our actions to fight the pandemic were assertive, already positively reflecting on operational results. Despite still being under the impact of COVID-19, due to laws and court decisions to reduce monthly tuitions, we managed to keep our nearly 750,000 students studying and see a paved path for base and revenue growth.

Our student retention rate of the on-campus segment, main segment affected by the pandemic, at 83%, needs to be celebrated, as the segment also shows signs of stabilization. Our expected loss with Fies, which ends in 2020, was much lower than previous years, leaving us quite optimistic of the future. We did an excellent job in terms of intake, with 177 thousand new students, and we continue to grow at an accelerated pace in our main expansion levers: Digital Learning recorded a 56% increase in revenue and medicine, 19%.

In Medicine, we inaugurated new courses in Cáceres, Mato Grosso, and Canindé, in Ceará, in addition to expanding seats in Angra dos Reis: adding a total of 134 new seats, expanding our student base to 5,285. For 2021, we will have more than 250 new seats, confirming the growth curve in the segment.

Looking forward, we will have an organic growth with the maturation of the distance learning centers and the new medical school seats, already mentioned, and we will gain synergy with the integrations of recent acquisitions. Our cash position at R\$1.9 billion and low debt leave us with a solid balance sheet and room for new acquisitions. Excluding the effect of COVID-19, YDUQS' consolidated revenue would have reached R\$1.056 billion, up by 26.7% YoY and, after a second quarter of the pandemic, we returned to a level of net income of R\$112.5 million.

Eduardo Parente

CEO



(em R\$ milhões)	3Q19	3Q20	Δ%	Pro-forma (ex-acquisitions)	
				3Q20	Δ%
Net Revenues	833.1	976.3	17.2%	796.3	-4.4%
Gross Profit	463.7	542.2	16.9%	475.7	2.6%
<i>Gross Margin</i>	55.7%	55.5%	-0.1 p.p.	59.7%	4.1 p.p.
EBITDA	302.1	332.2	10.0%	289.3	-4.2%
<i>EBITDA Margin (%)</i>	36.3%	34.0%	-2.3 p.p.	36.3%	0.0 p.p.
Net Income	152.5	112.5	-26.3%	107.2	-29.7%
<i>Net Margin (%)</i>	18.3%	11.5%	-6.8 p.p.	13.5%	-4.8 p.p.

Adjusted Net Revenues⁽¹⁾	833.1	1,055.7	26.7%	862.0	3.5%
Adjusted EBITDA⁽²⁾	343.9	411.0	19.5%	352.6	2.5%
<i>Adjusted EBITDA Margin⁽²⁾</i>	41.3%	38.9%	-2.3 p.p.	40.9%	-0.4 p.p.

Operational

- 2020.2 intake came to 177 thousand students, up by 35.7% YoY and with a strong Digital Learning performance (+58% YoY);
- Renewable on-campus base (ex-FIES) was up by 7% YoY;
- Medicine and Digital Learning continued to record strong performance in all business indicators;

Financial

- Operational cash flow came to R\$286 million in the quarter despite impacts of the pandemic;
- Net receivables down by 3% YoY (ex-acquisitions);
- Average term of receivables under control, at 98 days (ex-FIES)

R\$79.3 million

Impact on laws and injunctions
on revenue 3Q20

In 3Q20, the Company's revenue remained negatively impacted by a series of laws and court decisions that ordered higher education institutions to grant linear tuition discounts, thus impacting on-campus segment – in several Brazilian states. In 3Q20, such impacts totaled R\$79.3 million, of which approximately R\$20 million was related to (2Q20) due to new decisions and/or changes in interpretation with retroactive effects. We continue to adopt available judicial strategies to question the legality of the linear granting of discounts, however, their effects have still impacted revenue over the past months.



(1) Adjusted by R\$79.3 millions referring to laws and injunctions in court.

(2) Adjusted by non-recurring itens as described in the EBITDA section.

OPERATIONAL DATA

YDUQS

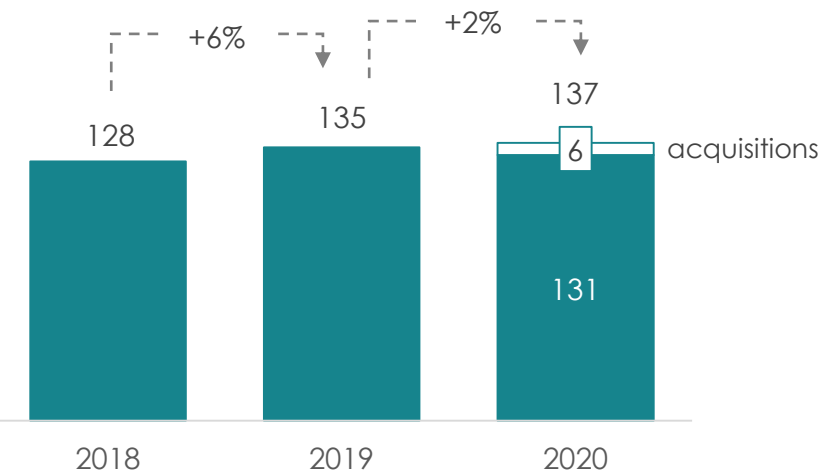


Undergraduate ('000 students)	2019.2	2020.2	Δ%	Pro-forma (ex-acquisitions)	
				2020.2	Δ%
On-campus	46	43	-5.9%	37	-18.8%
Out-of-pocket	44	42	-6.0%	36	-18.6%
Medicine	0.6	0.7	20.9%	0.7	10.7%
FIES	0.4	0.5	36.4%	0.1	-61.2%
PAR	0.8	0.2	-76.8%	0.2	-76.8%
Digital Learning	85	134	58.0%	127	50.5%
Total	130	177	35.7%	164	26.2%

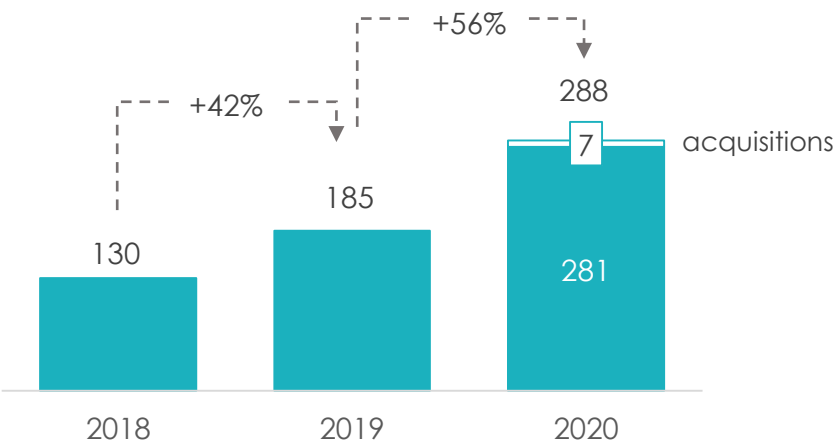
2020.2 Intake recorded 117 thousand enrolled students, up by 35.7% YoY, mainly driven by a solid Digital Learning performance (+58% YoY). Severely impacted by the pandemic, on-campus segment was down by 5.9% in terms of enrolled students compared to the 2019.2 cycle. Excluding acquisitions, the drop was 18.8% compared to the same period of last year.

It is important to emphasize that, considering annual intake, on-campus segment was up by 2% in 2020 versus 2019 (-3% ex-acquisitions), showing resilience and correct strategic decisions throughout the quarantine period.

Annual Intake: On-campus
(thousand students)



Annual Intake: Digital learning
(thousand students)

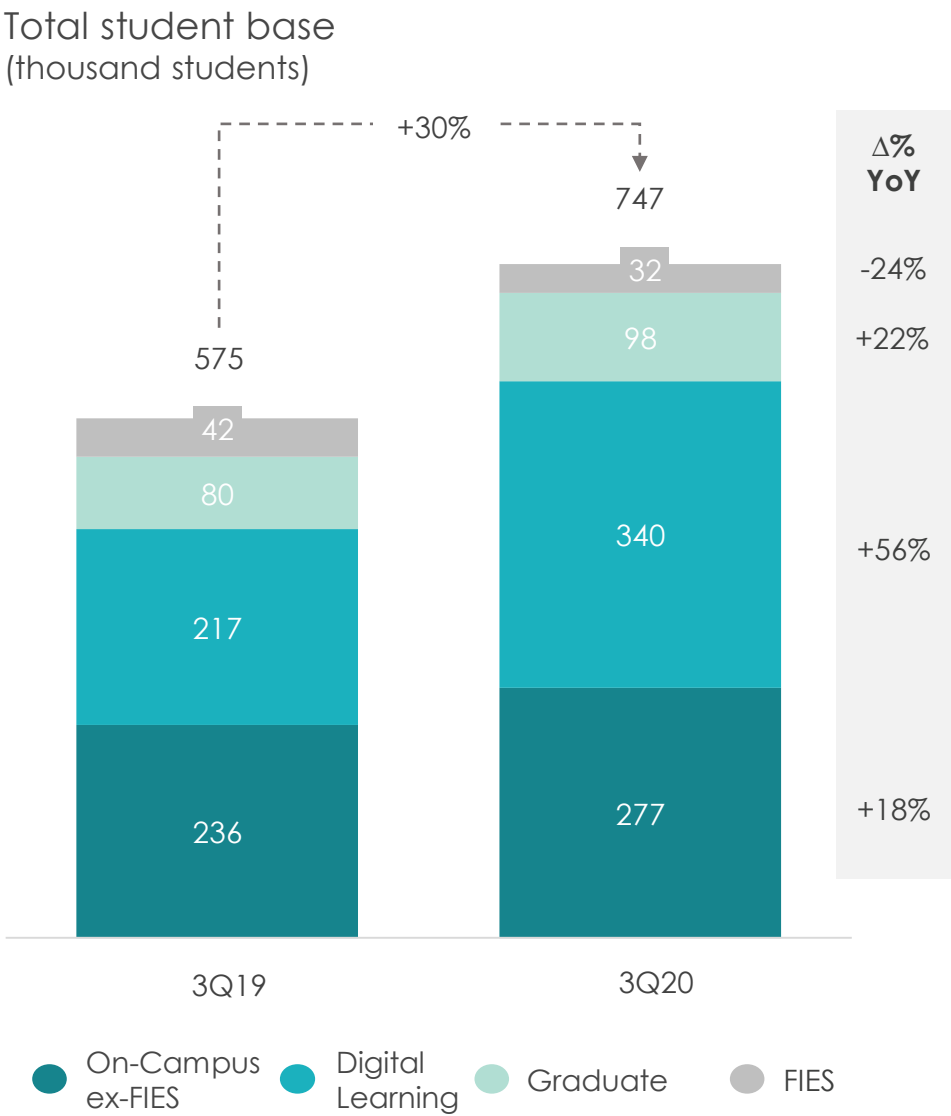


In the on-campus segment, we highlight the good performance of Medicine, whose intake enabled us to fill almost all seats available.

In Digital Learning, we continue to post strong results, with a 58% increase in intake (50.5% ex-acquisitions). Considering the annual intake of 288 thousand students, we highlight the strong 56% hike YoY, accelerating growth versus 2019.

STUDENT BASE: Overview

('000 students)	3Q19	3Q20	Δ%
Undergraduate	458.9	649.2	41.5%
On-Campus	277.9	309.4	11.3%
Acquisitions ⁽¹⁾	0.0	50.9	N.A
Digital Learning	217.4	339.8	56.3%
Acquisitions ⁽¹⁾	0.0	9.2	N.A
Graduate	80.1	97.5	21.8%
On-Campus	30.5	27.7	-9.3%
Acquisitions ⁽¹⁾	0.0	4.3	N.A
Digital Learning	49.6	69.9	40.9%
Acquisitions ⁽¹⁾	0.0	22.2	N.A
Total Base	575.4	746.7	29.8%
Total Base (ex-FIES)	533.0	714.4	34.0%
Total Base (ex-acquisitions)	575.4	660.1	14.7%

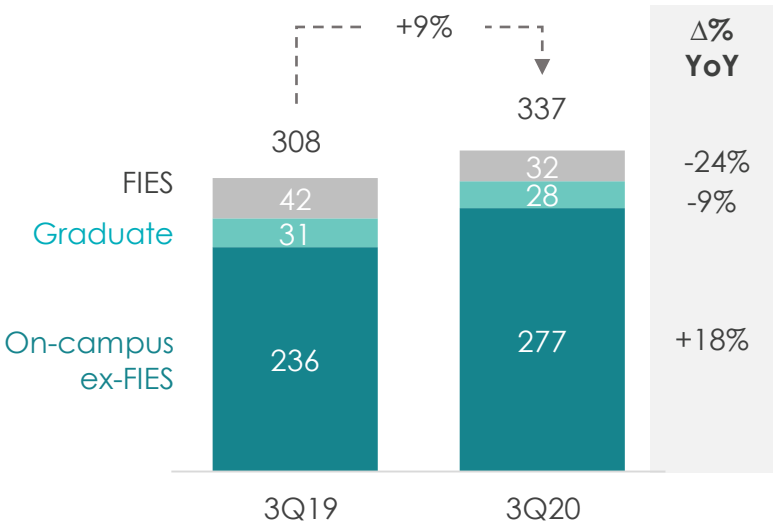


(1) Refers to the acquisitions of Athenas and Adtalem. For more information, go to the student base table in appendix section.

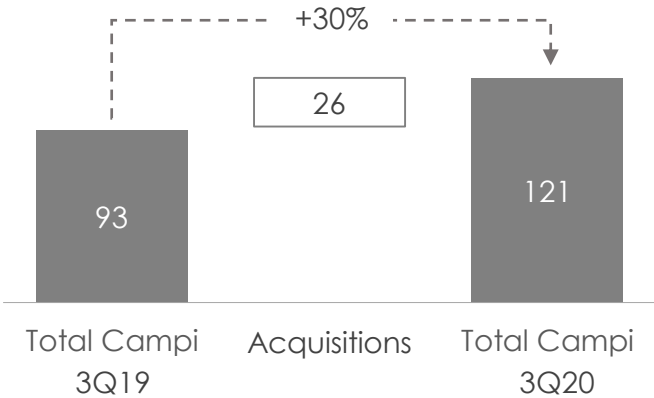
HIGHLIGHTS: On-campus

('000 students)	3Q19	3Q20	Δ%
Total On-campus	308.4	337.1	9.3%
Undergraduate ex-FIES	235.6	277.1	17.6%
Undergraduate	277.9	309.4	11.3%
Out-of-pocket	224.3	269.9	20.3%
Acquisitions ⁽¹⁾	-	50.9	N.A
DIS	102.0	122.9	20.6%
FIES	42.3	32.3	-23.7%
Acquisitions ⁽¹⁾	-	11.7*	N.A
PAR	11.3	7.2	-36.1%
Graduate	30.5	27.7	-9.3%
Own	16.1	15.9	-1.1%
Acquisitions ⁽¹⁾	-	4.3	N.A
Partnerships	14.4	11.7	-18.5%
Total On-Campus (ex-Acquisitions)	308.4	281.9	-8.6%
Undergraduate (ex-Acquisitions)	277.9	258.5	-7.0%
Number of Units	93	121	30.1%
Acquisitions ⁽¹⁾	-	26	N.A

Detailed On-Campus Base
(thousand students)



Number of Units
(#units)



On-campus segment ended 3Q20 with 337.1 thousand students, a 9.3% increase YoY, due to the Company's acquisition strategy. Excluding the acquisitions effect, undergraduate student base would have decreased 7% YoY, due to the 51% reduction on Estácio's FIES student base.

It is important to note that out-of-pocket students came to nearly 270 thousand, up by 20% YoY. Excluding acquisitions, out-of-pocket student base recorded a 3% increase YoY, while retention rate came to 83% (-3 p.p. YoY) due to challenges brought by the Covid-19 pandemic.

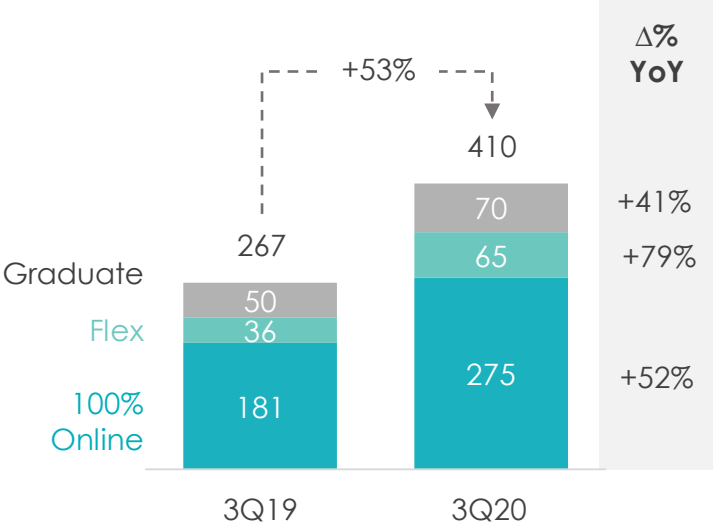
(1) This refers to the acquisitions of Adtalem (from May/20) and Athenas (from Aug/20). For more information, go to the student base table in the appendix section.
* Including ~7,000 FIES students 50%.

('000 students)	3Q19	3Q20	Δ%
Total Distance-Learning	267.0	409.6	53.4%
Undergraduate	217.4	339.8	56.3%
100% online	181.0	274.6	51.7%
Acquisitions ⁽¹⁾	0.0	9.2	N.A
Flex	36.4	65.2	79.1%
Graduate	49.6	69.9	40.9%
Own	18.0	42.4	135.4%
Acquisitions ⁽¹⁾	0.0	22.2	N.A
Partnerships	31.6	27.5	-13.0%
Total DL (ex-acquisitions)	267.0	378.2	41.7%

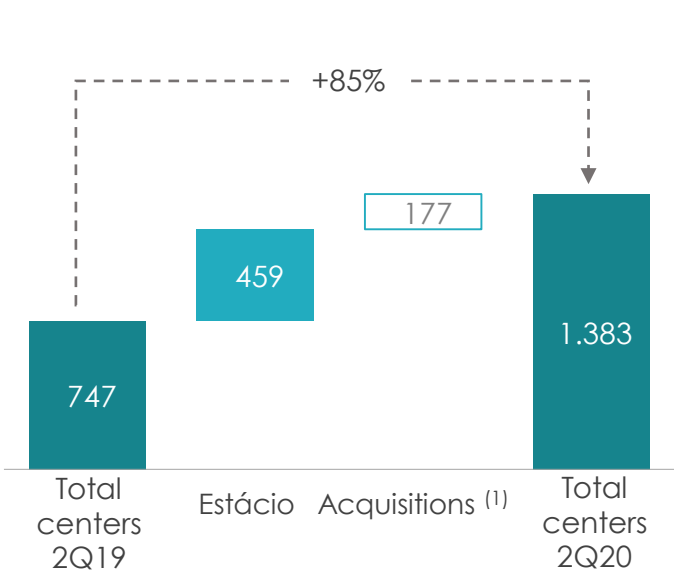
DIS (DL Undergraduate)	127.4	209.0	64.1%
100% online	105.0	165.9	58.0%
Flex	22.4	43.1	92.6%

Operational Data			
Number of DL Centers	747	1.383	85.1%
Acquisitions ⁽¹⁾	0	177	N.A
Covered Cities	542	812	49.8%

Detailed Digital Learning Base
(thousand student)



Number of DL Centers
(#centers)



Digital Learning continued to post solid results, reaching 409.6 thousand students and a 53.4% YoY growth, due to the continued strong expansion pace of partner centers, the maturity of centers operating for less than 18 months and recent acquisitions. Excluding the acquisitions effect, student base would have grown 41.7% YoY, totaling 378.2 thousand students.

In addition to our operations expansion, the continuous investment in platform enhancement, content development and update and student experience improvement have been key to achieve such expressive results. Proof of that is Estacio's retention rate in the segment that ended the quarter at 83%, up by +1.6 p.p. YoY, the highest 3Q level over the past 4 years.

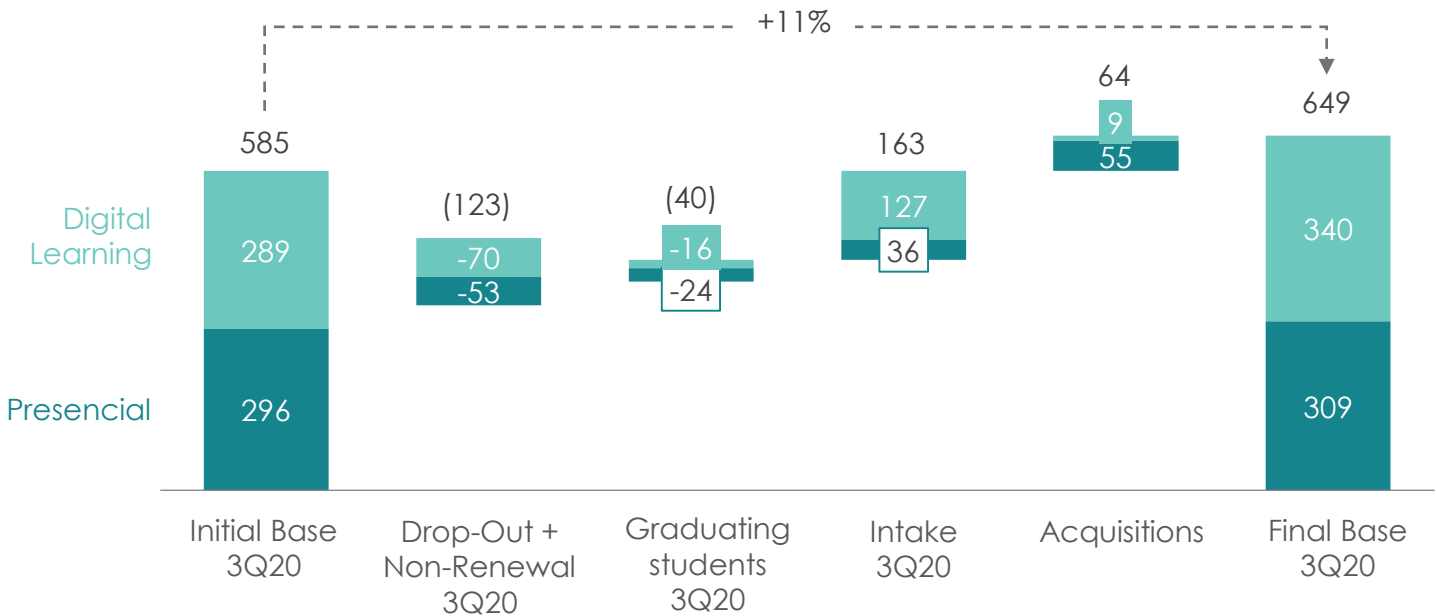
YDUQS's proprietary digital content production system, entitled Ensiname, which was created 1.5 year ago, has been extremely important for this evolution. Preliminary analysis show that students exposed to Ensiname content have been less prone to dropout than students that have not yet migrated to this new methodology.



(1) This refers to the acquisitions of Adtalem (from May/20) and Athenas (from Aug/20). For more information, go to the student base table in the appendix section.

CHANGES IN THE UNDERGRADUATE BASE

	(excluding acquisitions)					
('000 students)	Initial Base	Graduating students	Drop-out + Non-renewal	Intake	Acquisitions	3Q20 (Incl. acquisitions)
Undergraduate	584.8	(39.6)	(123.0)	163.1	63.8	649.2
On-Campus	295.8	(23.5)	(53.3)	35.8	54.7	309.4
Out-of-pocket	259.5	(16.9)	(50.5)	35.2	42.7	269.9
FIES	26.7	(6.6)	(0.2)	0.4	12.0	32.3
PAR	9.6	-	(2.6)	0.2	-	7.2
DL	289.0	(16.1)	(69.8)	127.3	9.2	339.8
100% Online	232.5	(14.2)	(53.5)	100.6	9.2	274.6
Flex	56.6	(1.8)	(16.3)	26.7	-	65.2



Retention Rate⁽¹⁾

Undergraduate	3Q19	3Q20	Δ%
On-Campus	86%	83%	-3.2 p.p.
DL	81%	83%	1.6 p.p.

In 3Q20, **on-campus retention rate** was 83%, down by 3.2 p.p. YoY. The **Digital Learning** segment ended the quarter at 83%, 1.6 p.p. up versus 3Q19.

(1) Retention Rate: $[1 - ((\text{dropouts} + \text{non-renewal}) / (\text{renewable student base: initial student base} - \text{students graduating} + \text{intake}))]$.
The retention rate calculation doesn't include Uniletoledo+Athenas+Adtalem's student base.

AVERAGE TICKET: ON-CAMPUS

	TOTAL ON-CAMPUS ⁽²⁾			UNDERGRADUATE			UNDERGRADUATE Ex-FIES			GRADUATE ⁽²⁾		
	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%
Adjusted average ticket * ⁽¹⁾	741.2	792.3	6.9%	765.6	811.3	6.0%	683.5	748.4	9.5%	-	-	-
Average ticket* (R\$/month)	741.2	714.7	-3.6%	765.6	729.7	-4.7%	683.5	718.7	5.2%	320.2	423.5	32.3%
Student Base (thousand)	294.0	325.3	10.7%	277.9	309.4	11.3%	235.6	277.1	17.6%	16.1	15.9	-1.1%
Net Revenues (R\$ million)	653.8	697.9	6.7%	638.3	677.3	6.1%	483.0	597.5	23.7%	15.5	20.2	30.9%

741

3Q19

792

3Q20

+7%

766

3Q19

811

3Q20

+6%

683

3Q19

748

3Q20

+9%

320

3Q19

423

3Q20

+32%

The consolidated average ticket, adjusted to discounts granted by law and court decisions, totaled R\$792.3 in 3Q20, up by 6.9% YoY. Average ticket was boosted by the improvement in competitive environment and recent acquisitions, especially in graduate courses. We also emphasize the resilience of ex-FIES undergraduate average ticket that ended the quarter up by 9% (+5% YoY without adjustments).

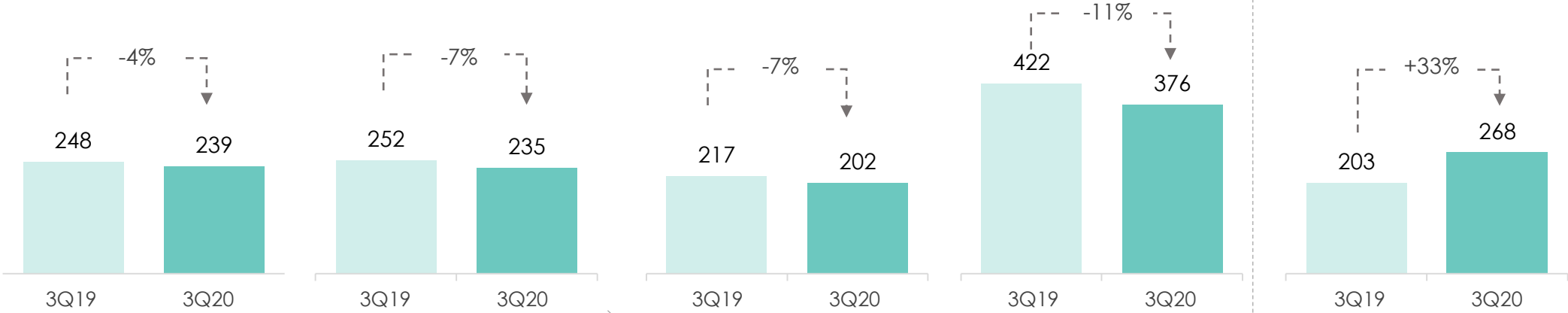
Average ticket calculation includes recent UniToledo and Adtalem acquisitions as well as two months of Athenas.

(*) Average ticket = Net Revenue of the period x 1,000 / 3 / weighted student base considering acquisitions.
(1) Excluding impacts of the discounts referring to laws and decisions in court.
(2) Graduate student base and revenue from partners and short-term courses are excluded from the ticket calculation.



AVERAGE TICKET: DIGITAL LEARNING

	TOTAL DL ⁽¹⁾			UNDERGRADUATE [1+2]			100% ONLINE [1]			FLEX [2]			GRADUATE ⁽²⁾		
	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%
Adjusted average ticket * ⁽¹⁾	248.0	239.0	-3.6%	251.7	235.3	-6.5%	217.4	201.9	-7.1%	422.4	375.6	-11.1%	-	-	-
Average ticket* (R\$/month)	248.0	235.9	-4.9%	251.7	231.8	-7.9%	217.4	201.8	-7.2%	422.4	357.8	-15.3%	202.5	268.5	32.5%
Student Base (thousand)	235.4	382.1	62.4%	217.4	339.8	56.3%	181.0	274.6	51.7%	36.4	65.2	79.1%	18.0	42.4	135.4%
Net Revenues (R\$ million)	175.1	270.5	54.5%	164.2	236.2	43.9%	118.0	166.2	40.8%	46.1	70.0	51.7%	10.9	34.1	212.0%



Digital Learning average ticket totaled R\$239.0 in 3Q20, slightly down by 3.6% versus 3Q19. The segment's average ticket remains impacted by the competitive environment and the Company's accelerated growth strategy.

Average ticket calculation includes recent UniToledo and Adtalem acquisitions as well as two months of Athenas.



(*) Average ticket = Net Revenue of the period x 1,000 / 3 / weighted student base considering acquisitions.
(1) Excluding impacts of the discounts referring to laws and injunctions in court.
(2) Graduate student base and revenue from partners and free courses are excluded from the ticket calculation.

FINANCIAL DATA

YDUQS



INCOME STATEMENT

(R\$ million)	3Q19	3Q20	YoY%	3Q19 ⁽¹⁾ adjusted	3Q20 ⁽¹⁾ adjusted	YoY%
Gross Revenue	1,482.1	1,940.4	30.9%	1,482.1	1,940.4	30.9%
Monthly tuition fees	1,470.3	1,924.2	30.9%	1,470.3	1,924.2	30.9%
Others	11.8	16.2	37.9%	11.8	16.2	37.9%
Deductions from gross revenue	(648.9)	(964.1)	48.6%	(648.9)	(964.3)	48.6%
Net Revenue	833.1	976.3	17.2%	833.1	1,055.7	26.7%
Cost of Services	(369.4)	(434.2)	17.5%	(349.7)	(436.2)	24.8%
Gross Profit	463.7	542.2	16.9%	483.5	619.4	28.1%
Gross Margin	55.7%	55.5%	-0.1 p.p.	58.0%	58.7%	0.6 p.p.
Selling Expenses	(104.6)	(160.7)	53.6%	(104.6)	(160.3)	53.2%
G&A Expenses	(159.2)	(194.5)	22.2%	(137.2)	(193.4)	41.0%
Other Revenue/Expenses	3.7	(1.1)	N.A.	3.7	(1.1)	N.A.
(+) Depreciation and amortization	98.5	146.3	48.5%	98.5	146.3	48.5%
EBITDA	302.1	332.2	10.0%	343.9	411.0	19.5%
EBITDA Margin (%)	36.3%	34.0%	-2.3 p.p.	41.3%	38.9%	-2.3 p.p.
Financial Result	(53.0)	(86.9)	63.9%	(53.0)	(86.9)	63.9%
Depreciation and amortization	(98.5)	(146.3)	48.5%	(98.5)	(146.3)	48.5%
Income Tax	2.1	9.9	363.6%	2.1	9.9	363.6%
Social Contribution	(0.1)	3.7	N.A.	(0.1)	3.7	N.A.
Net Income	152.5	112.5	-26.3%	194.3	191.3	-1.5%
Net Margin	18.3%	11.5%	-6.8 p.p.	23.3%	18.1%	-5.2 p.p.

Acquisitions Results ⁽²⁾	3Q20 R\$ million
Net Revenue	180.0
Costs and Expenses	(171.1)
(+) Depreciation and amortization	33.9
EBITDA	42.9
EBITDA Margin	23.8%

Non-recurring impacts (R\$ million)	3Q19	3Q20
Revenue (Laws and Injunctions)	-	(79.3)
Costs of services	(19.8)	2.0
Selling Expenses	-	(0.5)
G&A	(22.0)	(1.1)
Impact on EBITDA	(41.8)	(78.9)



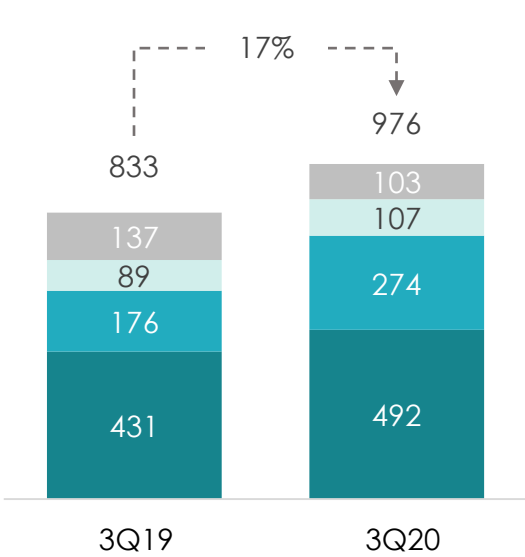
(1) Non-recurring items detailed in the EBITDA section.

(2) Results from Adtalem + Athenas (from Aug/20)

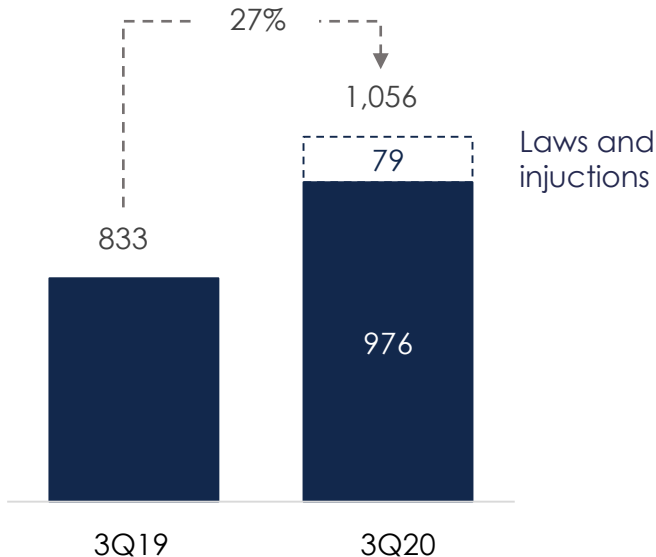
OPERATING REVENUE

(R\$ million)	3Q19	3Q20	Δ%
Gross Operating Revenue	1,482.1	1,940.4	30.9%
Monthly Tuition Fees	1,470.3	1,924.2	30.9%
Others	11.8	16.2	37.9%
Gross Revenue Deductions	(648.9)	(964.1)	48.6%
Discounts and scholarships	(618.4)	(928.7)	50.2%
Taxes	(33.0)	(37.6)	13.8%
AVP and other deductions	2.5	2.1	-14.9%
Net Revenues	833.1	976.3	17.2%
On-campus	657.1	702.3	6.9%
Medicine	89.4	106.7	19.3%
FIES	137.2	103.2	-24.8%
Digital Learning	176.1	274.0	55.7%
Adjusted Net Revenue ⁽¹⁾	833.1	1,055.7	26.7%
Net Revenue (ex-acquisitions)	833.1	796.3	-4.4%

Reported Net Revenue
(ex-FIES; R\$ million)



Adjusted Net Revenues
(R\$ million)



● Traditional On-campus ● Digital Learning ● Medicine ● FIES

In 3Q20, **consolidated net revenue** was R\$976.3 million, a growth of 17.2% YoY, including the impact of discounts granted by laws and court decisions in the amount of R\$79.3 million, due to Covid-19. Excluding such effect, the Company's adjusted consolidated revenue would have come to R\$1,055.7 million, up by 26.7% YoY.

This result was driven by the maintenance of **Digital Learning** (+55.7% YoY) and **Medicine** (+19.3% YoY) strong revenue growth pace, in addition to a 14.4% YoY increase in traditional on-campus revenue (ex-FIES and medicine). As a result, ex-FIES business revenue totaled R\$873.1 million, up by 25.5% YoY.

Excluding recent acquisitions, we can see that revenue would have decreased by 4.4% YoY, given that the impact of discounts from laws and court decisions and the drop in FIES were more significant on Estácio's operations. Excluding those effects, it is important to highlight that ex-acquisitions revenue would have climbed 13% YoY.

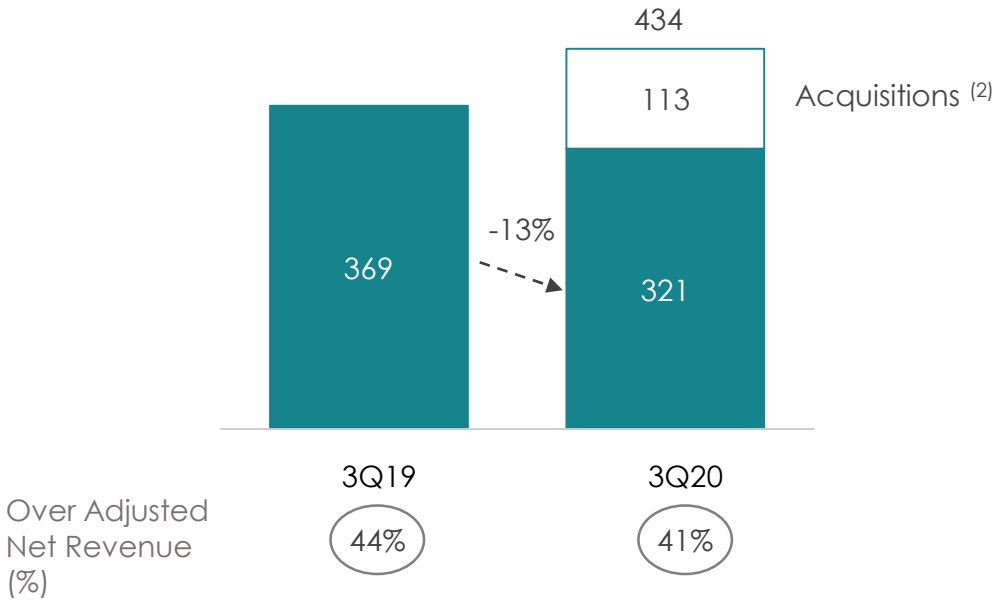


(1) Net Operating Revenue adjusted by non-recurring impacts in the amount of R\$79.3 million.

COST OF SERVICES AND GROSS PROFIT





(R\$ million)	3Q19	3Q20	Δ%
Cost of Services	(369.4)	(434.2)	17.5%
Personnel	(249.2)	(264.5)	6.1%
Rent, taxes & other	(10.5)	(16.1)	53.1%
Transfer of Centers & other	(13.3)	(36.5)	174.4%
Third-party services	(14.3)	(10.8)	-24.6%
Utilities	(9.4)	(7.2)	-22.9%
D&A	(72.7)	(99.1)	36.2%
Gross Profit	463.7	542.2	16.9%
Gross Margin	55.7%	55.5%	-0.1 p.p.
Non-recurring costs ⁽¹⁾	19.8	(2.0)	-
Adjusted Cost of Services	(349.7)	(436.2)	24.8%
<i>Pro-Forma Analysis (ex-acquisitions)</i>			
Cost of Services	(369.4)	(320.7)	-13.2%
Adjusted Cost of Services⁽¹⁾	(349.7)	(325.4)	-6.9%

Costs of Services
(R\$ million)



Cost of services was up by 17.5% in the quarter YoY, due to the recent acquisitions. Excluding the acquisitions effects, cost of services was down by 13.2% YoY, due to the 23% drop in personnel expenses a result of operational efficiency gains and the positive impact of MP 936, that temporarily reduced payroll charges. It is important to note that, even if we excluded non-recurring items, ex-acquisitions costs would have reached R\$325.4 million, down by 6.9% YoY.

Gross margin came to 55.5% in 3Q20, in line with the previous quarter and 3Q19.

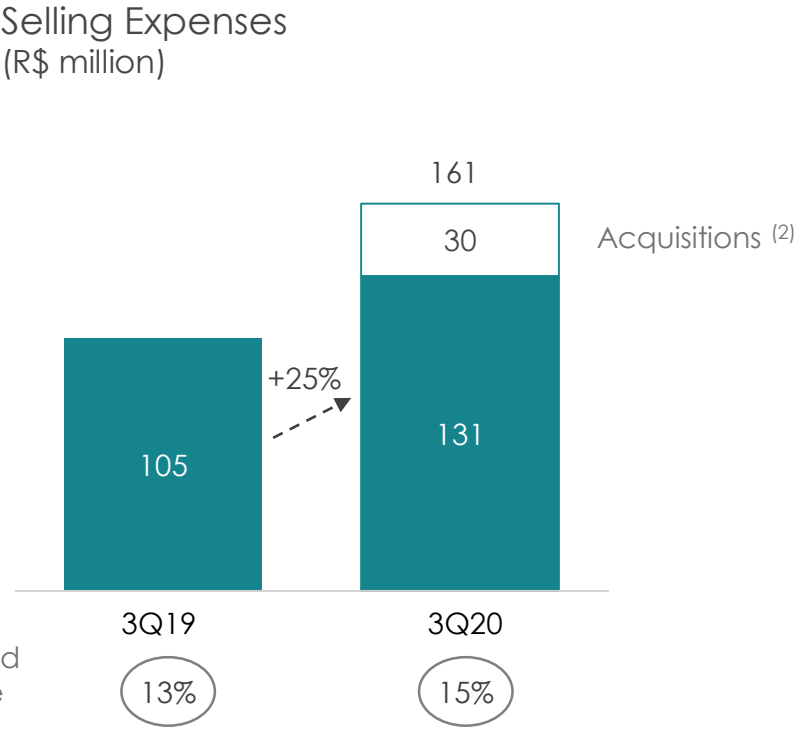


(1) Non-recurring itens detailed in the EBITDA section.

(2) Referring to the acquisitions of Adtalem and Athenas (from Aug/20)

(R\$ million)	3Q19	3Q20	Δ%
Selling Expenses	(104.6)	(160.7)	53.6%
Bad Debt	(38.5)	(78.4)	103.7%
Out-of-pocket	(13.4)	(64.5)	380.3%
PAR – long term (50%)	(12.0)	(5.1)	-57.1%
DIS – long term (15%)	(13.1)	(8.8)	-32.9%
Advertising	(66.0)	(82.6)	25.1%
Others	(0.1)	0.3	N.A.
Non-recurring selling expenses ⁽¹⁾	-	0.5	-
Adjusted Selling Expenses	(104.6)	(160.3)	53.2%





<i>Pro-Forma Analysis (ex-acquisitions)</i>			
Selling Expenses	(104.6)	(130.6)	24.8%
Adjusted Selling Expenses	(104.6)	(130.2)	24.5%



In 3Q20, **selling expenses** totaled R\$160.7 million, a growth of 53.6% YoY and accounting for 15% of the Company's adjusted net revenue in the quarter (vs. 13% in 3Q19).

Bad debt expenses increased by 103.7% YoY, accounting for 7.4% of the adjusted net revenue (vs 4.6% in 3Q19). The growth in bad debt expenses is due to the change in student base mix, the increase in delinquency caused by Covid-19, as well as the acquisitions and the reclassification of part of the discounts granted that were previously accounted for in financial expenses, in the amount of R\$24.0 million in 3Q20. Excluding acquisitions, bad debt expenses would have totaled R\$ 62 million, accounting for 7% of the adjusted net revenue, up by 5% YoY when compared to the same period of last year, due to the reversion effect in bad debt in 3Q19.

Advertising expenses grew 25.1% YoY due to acquisitions, remaining stable at 7.8% as a percentage of the adjusted net revenue.

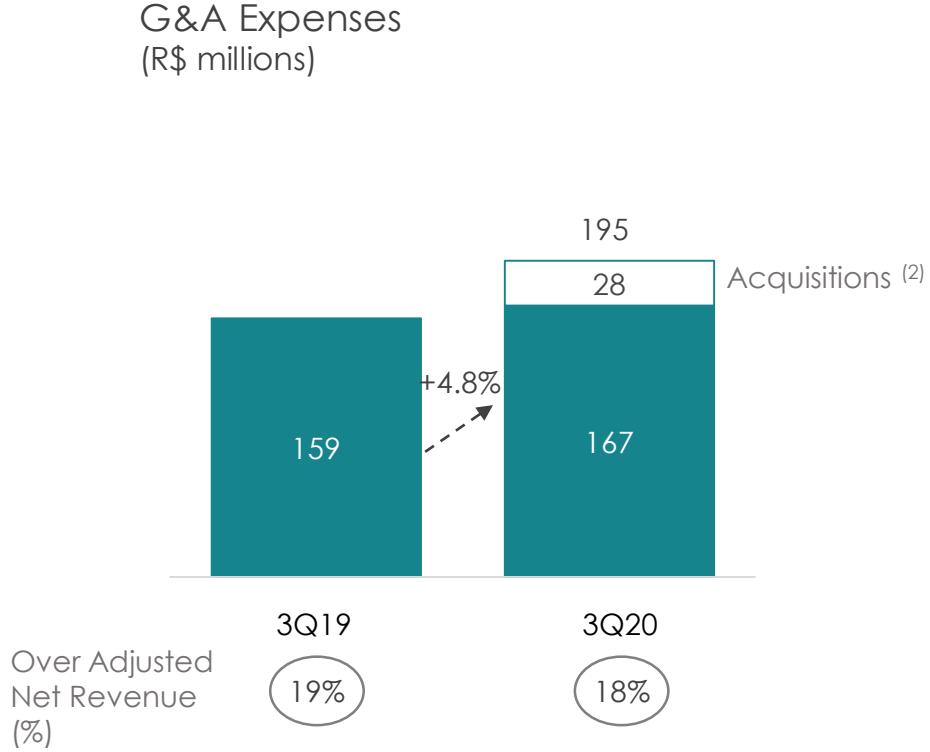


(1) Non-recurring itens detailed in the EBITDA section.

(2) Referring to the acquisitions of Adtalem and Athenas (from Aug/20)

GENERAL AND ADMINISTRATIVE EXPENSES





(R\$ million)	3Q19	3Q20	Δ%
G&A Expenses	(159.2)	(194.5)	22.2%
Personnel	(47.8)	(64.8)	35.5%
Third-party services	(28.8)	(30.3)	5.1%
Provision/contingencies	(12.7)	(18.4)	44.9%
Maintenance & repairs	(13.0)	(16.7)	28.8%
Other	(31.1)	(17.1)	-45.1%
D&A	(25.8)	(47.2)	83.0%
Other revenue/expenses	3.7	(1.1)	N.A.
Non-recurring G&A Expenses ⁽¹⁾	22.0	1.1	-
Adjusted G&A Expenses	(137.2)	(193.4)	41.0%
Pro-Forma Analysis (ex-acquisitions)			
G&A Expenses	(159.2)	(166.9)	4.8%
Adjusted G&A Expenses ⁽¹⁾	(137.2)	(164.8)	20.1%



In 3Q20, **general and administrative expenses** were up by 22.2% YoY. In proforma figures, the increase was materially lower, up by only 4.8% YoY. The main drivers of such result are listed below:

- New expenses related to the COVID-19 crisis contingency plan;
- Increase in personnel expenses due to recent acquisitions. Excluding such effect, personnel expenses would have decreased by 3.9% YoY.

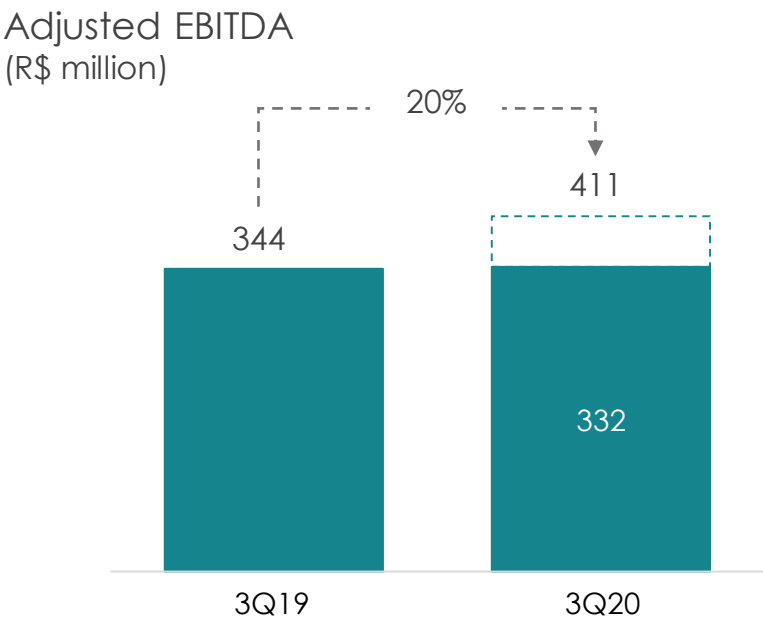
Non-recurring G&A expenses totaled R\$1.1 million and are related to the effect of payroll charges from MP 936, consultancies (M&A), attorney's fees and others. Excluding these non-recurring amounts, **adjusted general and administrative expenses** would have totaled R\$193.4 million.

(1) Non-recurring items detailed in the EBITDA section.

(2) Referring to the acquisitions of Adtalem and Athenas (from Aug/20)

(R\$ million)	3Q19	3Q20	Δ%
Net Revenue	833.1	976.3	17.2%
Costs and Expenses	(629.6)	(790.5)	25.6%
(+) Depreciation and amortization	98.5	146.3	48.5%
EBITDA	302.1	332.2	10.0%
EBITDA Margin (%)	36.3%	34.0%	-2.3 p.p.
Non-recurring items	41.8	78.9	88.7%
Restructuring and MP 936	19.8	(7.1)	N.A.
Consulting & Others	22.0	6.6	-70.0%
Discounts from laws and injunctions on Revenue	-	79.3	N.A.
Adjusted EBITDA	343.9	411.0	19.5%
Adjusted EBITDA margin (%)	41.3%	38.9%	-2.3 p.p.



In 3Q20, the Company's **consolidated EBITDA** totaled R\$332.2 million, 10% up YoY, resulting from the following factors:

- Solid growth of the Company's growth levers, namely digital learning and medicine, which more than offset the drop in FIES;
- Cost and expenses efficiency (ex-acquisitions);
- A positive R\$43 million contribution from acquisitions;
- Negative R\$79.3 million effect on on-campus segment revenue in 3Q20.

Excluding non-recurring items and the R\$79.3 million impact on net revenue from discounts granted by laws and court decisions, **adjusted EBITDA** would have reached R\$ 411.0 million in the quarter, up by 19.5% vs. 3Q19. **Adjusted EBITDA margin** would have reached 38.9%, down by 2.3 p.p. vs. 3Q19 due to the period's acquisitions, that still do not include all expected synergies.

FINANCIAL RESULT AND NET INCOME

(R\$ million)	3Q19	3Q20	Δ %
EBITDA	302.1	332.2	10.0%
Financial Result	(53.0)	(86.9)	63.9%
Financial Revenue	28.9	72.2	149.6%
Fines and interest charged	11.3	16.8	48.7%
Investment revenue	12.6	9.6	-24.1%
Active Exchange Variation - SWAP	-	36.4	N.A.
Inflation adjustment Others	4.7	5.0	7.0%
Others	0.4	4.4	1095.4%
Financial Expenses	(81.9)	(159.1)	94.2%
Interest and financial charges	(23.0)	(40.2)	74.5%
Financial discounts	(41.2)	(33.6)	-18.5%
Bank expenses	(7.5)	(2.5)	-66.7%
Passive Exchange Variation - SWAP	-	(40.8)	N.A.
interest on leasing	(14.3)	(30.7)	114.4%
Others	4.2	(11.3)	N.A.
(+) Depreciation and amortization	(98.5)	(146.3)	48.5%
Profit before tax	150.5	98.9	-34.3%
Income tax	2.1	9.9	363.6%
Social contribution	(0.1)	3.7	N.A.
Net Income	152.5	112.5	-26.3%
Net Margin (%)	18.3%	11.5%	-6.8 p.p.
Adjusted Net Income⁽¹⁾	194.3	191.3	-1.5%
Adjusted Net Margin (%)	23.3%	18.1%	-5.2 p.p.

In 3Q20, financial result was at a worse level when compared to the same period the previous year due an increase in interests and fees of loans raised in past quarters and the effect of leasing (IFRS-16), which increases due to recent acquisitions.

The change in the level of financial expenses is due to the loans issued to finance recent acquisitions and to strengthen the Company's solid cash position in times of uncertainties related to the Coronavirus crisis.

Net Income totaled R\$112.5 million (-26.3% YoY) in 3Q20. Despite the positive performance in EBITDA, income was impacted by the increase in depreciation and amortization due to acquisitions and the effect of IFRS 16 (-R\$32 million) in 3Q20.

Excluding non-recurring items impact in EBITDA, **adjusted Net Income** would have reached R\$191.3 million in the quarter, a decrease of 1.5% YoY.



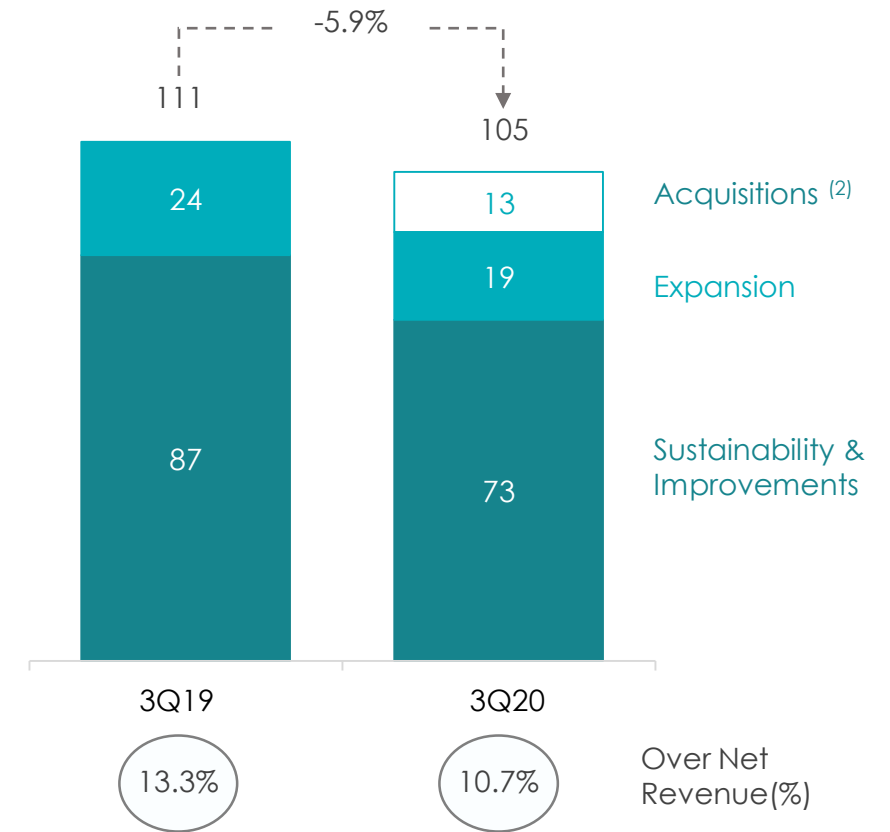
(1) Non-recurring itens detailed in the EBITDA section.

(R\$ million)	3Q19	3Q20	Δ%
Total Capex	111.0	104.5	-5.9%
Sustainability & Improvements ⁽¹⁾	86.7	81.0	-6.6%
Expansion	24.3	23.5	-3.3%
Capex over Net Revenue			
Total Capex (%)	13.3%	10.7%	-2.6 p.p.
Sustainability & Improvements (%)	10.4%	8.3%	-2.1 p.p.
Total Capex Pro-forma (ex-acquisitions)	111.0	91.7	-17.4%

In 3Q20, **total CAPEX** was R\$104.5 million, a decrease of 5.9% versus 3Q19, mainly due to a reduction with **sustainability and improvements expenses** (-6.6% YoY), that accounted for 78% of total CAPEX and are expenses related to the maintenance of physical infrastructure, content licenses and production, including approximately R\$10 million in digital transformation investments. In proforma figures, total capex decreased 17.4% YoY, totaling R\$91.7 million in the quarter.

Investments related to expansion also decreased (-3.3% YoY) and are related to course maturity projects and new units, including medicine (*Mais Médicos*). Out of that amount, almost R\$5 million are related to medicine units.

CAPEX
(R\$ million)



(1) Includes transformational capital expenditure.

(2) Referring to the acquisitions of Adtalem and Athenas (from Aug/20)

(R\$ million)	3Q19	2Q20	3Q20
Monthly tuition fees received	1,097.6	1,496.4	1,464.5
Out-of-Pocket	524.2	1,015.4	855.6
Exchange Deals	27.4	24.7	16.9
PAR	214.8	186.6	192.6
DIS	331.3	269.7	373.1
CREDATHENAS	-	-	26.2
FIES	219.6	200.7	164.0
Other	201.8	210.5	250.0
Gross Accounts Receivable	1,519.1	1,907.5	1,878.5

Bad Debt	(497.3)	(664.5)	(683.9)
Out-of-Pocket ⁽¹⁾	(352.3)	(537.0)	(527.8)
PAR (50%)	(98.2)	(87.8)	(92.9) (a)
DIS (15%)	(46.9)	(39.7)	(48.5) (b)
CREDATHENAS	-	-	(14.7)
Amounts to be identified	(8.2)	(22.6)	(12.3)
Adjustment to presente value (APV)⁽²⁾	(36.4)	(27.6)	(27.2)
APV PAR	(25.3)	(17.9)	(15.3) (c)
APV DIS	(11.1)	(9.6)	(10.3) (d)
APV CREDATHENAS	-	-	(1.5)
Net Accounts Receivable	977.2	1,192.8	1,155.2

In 3Q20, **gross receivables** totaled R\$1,878.5 million, up by 23.7% versus 3Q19, mainly impacted by acquisitions. Excluding acquisitions, the increase would have been 4.5% YoY, totaling R\$1,587.4 million.

Net receivables came to R\$1,155.2 million, up by 18.2% versus 3Q19. In proforma figures (ex-acquisitions), net receivables came to R\$948.9 million, down by 2.9% YoY.

PAR and DIS Reconciliation

(R\$ million)	PAR		DIS	
	3Q19	3Q20	3Q19	3Q20
Gross revenue paid in cash	15.2	11.3	8.4	11.0
Gross revenue paid in installments	27.3	10.6	100.1	122.9
Taxes – revenue deductions	(1.2)	(0.7)	(3.6)	(3.9)
Adjustment to Present Value (APV) ⁽²⁾	3.7	2.6 Δ(c)	(1.2)	(0.7) Δ(d)
Bad Debt – long term (50%)	(12.0)	(5.1) Δ(a)	(13.1)	(8.8) Δ(b)
Bad Debt non-renegotiated dropouts	(8.3)	(8.5)	(6.8)	(24.9)
Bad Debt of Net Revenue (%)	1.4%	0.5%	1.6%	0.9%



(1) Includes short-term DIS and PAR installments and student balance dropout and non-renewal DIS/PAR.

(2) Correction of installments based on IPCA and brought to present value on NTN-2024.

AVERAGE TERM OF RECEIVABLES

				Pro-forma (ex-aquisições)	
(R\$ million)	3Q19	3Q20	Δ%	3Q20	Δ%
Consolidated Average Term of Receivables					
Net Accounts Receivable	977.2	1,155.2	18.2%	948.9	-2.9%
Net Revenue (LTM)	3,590.0	4,206.2	17.2%	3,429.5	-4.5%
Average Receivables Days	98	99	1.0%	100	2.0%
FIES Average Term of Receivables					
FIES Accounts Receivable	219.6	164.0	-25.3%	128.5	-41.5%
FIES Revenue (LTM)	781.4	632.3	-19.1%	480.2	-38.6%
FGEDUC deductions (LTM)	(64.0)	(56.4)	-11.9%	(39.0)	-39.1%
Taxes (LTM)	(28.6)	(24.9)	-13.0%	(17.6)	-38.4%
FIES Net Revenue (LTM)	688.8	551.0	-20.0%	423.6	-38.5%
FIES Average Receivables Days	115	107	-7.0%	109	-5.2%
Non-FIES Average Term of Receivables					
Accounts Receivable Non-FIES	757.6	991.1	30.8%	820.4	8.3%
Net Revenue Non-FIES (LTM)	2,901.2	3,655.2	26.0%	3,005.9	3.6%
Non-FIES Average Receivables Days	94	98	4.3%	98	4.3%

Consolidated ATR reached 99 days, up one day when compared to 3Q19, following the increase in net receivables.

FIES ATR totaled 107 days, a 7.0% decrease or 8 days over the same period of the previous year.

Ex-FIES ATR totaled 98 days in 3Q20, up by 4.3% over 3Q19.

Aging of Total Gross Accounts Receivable⁽¹⁾

Vertical Analysis

(R\$ million)	3Q19	3Q20	Δ%	3Q19 (%)	3Q20 (%)
FIES	219.6	164.0	-25.3%	14%	9%
Not yet due	760.3	994.6	30.8%	50%	53%
Overdue up to 30 days	109.9	111.9	1.8%	7%	6%
Overdue from 31 to 60 days	42.4	47.6	12.3%	3%	3%
Overdue from 61 to 90 days	15.9	28.7	80.0%	1%	2%
Overdue from 91 to 179 days	154.2	253.0	64.1%	10%	13%
Overdue more than 180 days	216.7	278.7	28.6%	14%	15%
Gross Accounts Receivable	1,519.1	1,878.5	23.7%	100%	100%

Aging of Agreements Receivable⁽²⁾

Vertical Analysis

(R\$ million)	3Q19	3Q20	Δ%	3Q19 (%)	3Q20 (%)
Not yet due	39.4	68.9	75.1%	47%	50%
Overdue up to 30 days	6.8	10.5	54.3%	8%	8%
Overdue from 31 to 60 days	4.2	4.5	7.8%	5%	3%
Overdue from 61 to 90 days	3.2	3.1	-5.0%	4%	2%
Overdue from 91 to 179 days	9.9	11.1	11.7%	12%	8%
Overdue more than 180 days	19.5	40.3	106.8%	23%	29%
Agreements Receivable	83.0	138.4	66.7%	100%	100%

FIES: Changes of Accounts Receivable

(R\$ million)	3Q19	3Q20	Δ%
Opening balance	150.9	190.1	26.0%
FIES Revenue	157.6	82.0	-48.0%
Transfer	(76.0)	(94.3)	24.1%
Provision for FIES	(14.5)	(7.0)	-52.1%
Loss	-	(23.7)	N.A
Closing balance	218.0	147.1	-32.5%

FIES: Changes of Accounts Receivable

(R\$ million)	3Q19	3Q20	Δ%
Opening balance	129.2	10.5	-91.8%
Transfer	76.0	94.3	24.1%
Payment of taxes	(10.1)	(9.2)	-8.9%
Buyback in auctions	(193.5)	(84.1)	-56.6%
Acquired	-	5.4	N.A
Closing balance	1.6	17.0	927.6%



(1) The amounts overdue more than 360 days are written-off from Accounts Receivable up to the limit of the allowance for doubtful accounts.

(2) Excludes credit card agreements

CASH POSITION

(R\$ million)	3Q19	3Q20	Δ%
(-) Cash and cash equivalents [a]	(865.8)	(1,920.6)	121.8%
Gross debt [b]	1,918.8	4,702.6	145.1%
Loans	668.6	3,227.3	382.7%
Leasing	1,231.7	1,352.8	9.8%
Commitments payable (M&A)	18.5	122.4	561.8%
Net Debt [b+a]	1,053.0	2,782.0	164.2%
Net Debt (ex- IFRS16/EBITDA (12M) ⁽¹⁾	-0.2x	1.41x	-

Cash & cash equivalents totaled R\$1.920.6 million in 3Q20, up by 121.8% YoY, due to loans issued to finance the Company's recent acquisitions and to strengthen the Company's solid cash position in a moment of increased uncertainties brought by the COVID-19 crisis.

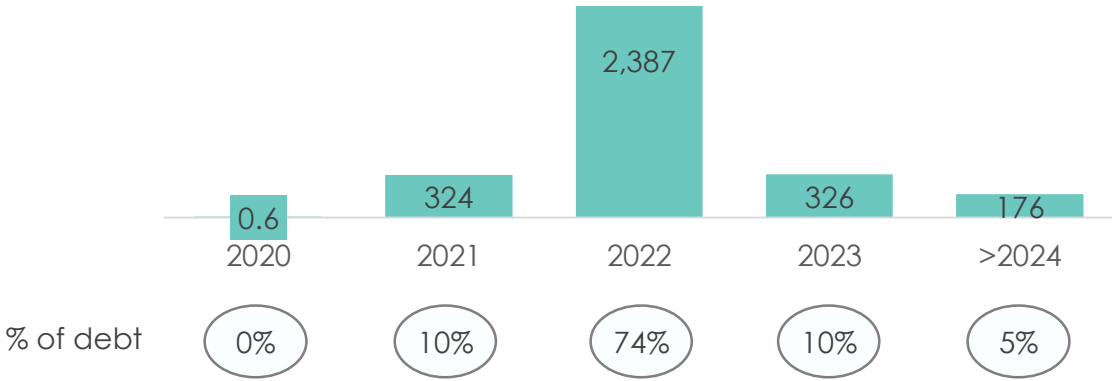
Gross debt (excluding leasing) ended the quarter at R\$3,349.7 million.

In 3Q20 excluding the leasing from gross debt, the **net debt/EBITDA ratio** was at 1.41x

DEBT

Debt Type (R\$ million)	Date of Issue	Due Date	Cost	Balance to pay (principal + interest)	% of total
Bond V (1ª series)	feb-19	feb-22	CDI + 0.59%	250.8	8%
Bond V (2ª series)	feb-19	feb-24	CDI + 0.79%	351.1	11%
Loans Citi (1ª series)	feb-20	feb-21	CDI + 0.60%	173.8	5%
Loans Citi (2ª series)	feb-20	feb-22	CDI + 0.70%	653.1	20%
Loans Santander	mar-20	mar-22	CDI + 1.09%	501.0	15%
Itaú Promissory Note (1ª series)	mar-20	mar-22	CDI + 2.50%	359.0	11%
FINEP	feb-15	jan-25	TJLP + 0.50%	2.6	0%
Loans Citi	apr-20	apr-22	CDI + 2.75%	75.9	2%
Loans Bradesco	apr-20	sep-22	CDI + 2.70%	360.2	11%
Loans Santander	sep-20	apr-21	CDI + 3.69%	101.1	3%
Loans Banco ABC	apr-20	apr-21	CDI + 3.85%	51.3	2%
Loans Banco Safra	jun-20	jun-22	CDI + 2.80%	202.7	6%
Loans Itaú	sep-20	apr-23	CDI + 2.70%	150.5	5%
Loans	-	-	CDI+1.62%	3,233.1	100%

Timeline of debt amortization
(R\$ million; principal)



(1) Excluding from gross debt the leasing values for IFRS-16; REPORTED EBITDA, accumulated in the last 12 months.

APPENDIX

YDUQS



DETAILS ON THE SEATS OFFERING IN MEDICAL SCHOOL

3Q20							Expectation in full potential ⁽¹⁾	
Unit	State	Type	Operation Start	Status	Authorized/Qualified seats p/y ⁽²⁾	Student Base ⁽³⁾	Authorized seats p/y ⁽²⁾	Student Base ⁽³⁾
Presidente Vargas	RJ	Organic	1998.2	Matured	240	1.564	240	1,728
João Uchoa/Città	RJ	Organic	2014.1	Matured	170	918	170	1,224
Juazeiro do Norte	CE	Organic	2000.1	Matured	100	679	100	720
Ribeirão Preto	SP	Organic	2015.1	In maturity	76	483	76	547
Facid	PI	Organic	2001	Matured	110	643	110	792
Alagoinhas	BA	MM I	2017.2	Em Maturação	65 <div>+34 seats</div>	199	165	1,188
Angra dos Reis	RJ	MM I	2018.1	Em Maturação	89	196	155	1,116
Jaraguá do Sul	SC	MM I	2018.1	Em Maturação	50	131	150	1,080
Juazeiro	BA	MM I	2018.1	Em Maturação	155	372	155	1,116
Canindé	CE	MM II	2020.2	Em Maturação	50	50	150	1,080
Cáceres	MT	MM II	2020.2	Em Maturação	50	50	50	360
Castanhal	PA	MM II	2021.1	Implementation phase (qualified)	50	-	150	1,080
Quixadá	CE	MM II	2021.1		50	-	150	1,080
Iguatu	CE	MM II	2021.2		50	-	150	1,080
Açailândia	MA	MM II	2021.1		50	-	150	1,080
Ji-Paraná	RO	MM II	2021.2		50	-	150	1,080
Total					1,405	5,285	2,271	16,351

In 3Q20, **Athenas group's incorporation was completed**, adding **50 medicine seats/year** to YDUQS's portfolio.

Canindé and Cáceres units, both under the Mais Médicos II program, **began student intake process**, both reaching a **student base of 50 students**, respectively.

The **Angra dos Reis** unit was granted authorization for **another 34 seats**, totaling 89 authorized seats per year.

Total medicine student base in 3Q20 came to **5,285 students**, a 32% growth versus the same period the previous year.

(1) Assuming expansion of maximum capacity of granted seats (+100 seats/year) for each one of the Mais Médicos units.
(2) Authorized seats do not include ProUni (+10%) and FIES (+10%) students.
(3) As for Student base, it considers ProUni, FIES and scholarships for Mais Médicos units.



INCOME STATEMENT BY BUSINESS UNIT: QUARTER

YDUQS
3Q20

In IFRS-16	On-Campus			Distance-Learning			Corporate			Consolidated		
(R\$ million)	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%	3Q19	3Q20	Δ%
Gross Revenues	1,170.3	1,415.9	21.0%	311.7	524.5	68.3%	-	-	-	1,482.1	1,940.4	30.9%
Deductions from Gross Revenue	(513.2)	(713.6)	39.0%	(135.7)	(250.5)	84.6%	-	-	-	(648.9)	(964.1)	48.6%
Net Revenues	657.1	702.3	6.9%	176.1	274.0	55.7%	-	-	-	833.1	976.3	17.2%
Cost of Services	(346.2)	(384.2)	11.0%	(23.2)	(50.0)	115.3%	-	-	-	(369.4)	(434.2)	17.5%
Personnel	(238.5)	(250.2)	4.9%	(10.7)	(14.3)	34.3%	-	-	-	(249.2)	(264.5)	6.1%
Rents, municipal property tax & other	(11.3)	(15.9)	41.5%	0.8	(0.1)	N.A.	-	-	-	(10.5)	(16.1)	53.1%
Third-party services and Others	(24.6)	(21.9)	-10.8%	(12.4)	(32.6)	162.8%	-	-	-	(37.0)	(54.5)	47.4%
Depreciation and amortization	(71.9)	(96.2)	33.9%	(0.9)	(2.9)	226.0%	-	-	-	(72.7)	(99.1)	36.2%
Gross Profit	310.9	318.1	2.3%	152.9	224.1	46.6%	-	-	-	463.7	542.2	16.9%
Gross Margin	47.3%	45.3%	-2.0 p.p.	86.8%	81.8%	-5.1 p.p.	-	-	-	55.7%	55.5%	-0.1 p.p.
Selling and G&A Expenses	(80.0)	(121.1)	51.4%	(17.2)	(35.0)	103.0%	(163.0)	(200.3)	22.9%	(260.2)	(356.3)	37.0%
Personnel	(2.3)	(13.3)	480.5%	(3.7)	(6.2)	67.3%	(41.9)	(45.3)	8.3%	(47.8)	(64.8)	35.5%
Advertising	-	-	N.A	-	-	N.A	(66.0)	(82.6)	25.1%	(66.0)	(82.6)	25.1%
Bad Debt	(29.4)	(57.6)	95.5%	(9.1)	(20.9)	130.2%	-	-	N.A	(38.5)	(78.4)	103.7%
Other expenses	(44.0)	(38.4)	-12.8%	(3.9)	(7.0)	78.9%	(34.0)	(37.8)	11.1%	(82.0)	(83.2)	1.5%
Depreciation and amortization	(4.2)	(11.8)	180.5%	(0.5)	(0.8)	63.6%	(21.1)	(34.5)	64.0%	(25.8)	(47.2)	83.0%
Operating Profit	230.9	197.0	-14.7%	135.6	189.1	39.4%	(163.0)	(200.3)	22.9%	203.6	185.8	-8.7%
Operating Margin(%)	35.1%	28.1%	-7.1 p.p.	77.0%	69.0%	-8.0 p.p.	-	-	N.A	24.4%	19.0%	-5.4 p.p.
Reported EBITDA	307.0	305.0	-0.6%	137.0	192.9	40.7%	(141.9)	(165.7)	16.8%	302.1	332.2	10.0%
EBITDA margin (%)	46.7%	43.4%	-3.3 p.p.	77.8%	70.4%	-7.5 p.p.	-	-	N.A	36.3%	34.0%	-2.3 p.p.



BALANCE SHEET

(R\$ million)	3Q19	2Q20	3Q20
Current Assets	1,664.5	3,047.2	2,994.1
Cash and cash equivalents	10.1	20.4	25.2
Marketable securities	855.7	1,887.0	1,895.4
Accounts receivable	714.6	955.8	873.3
Stock	-	1.3	1.2
Advances to employees/third-parties	6.3	6.1	5.9
Prepaid expenses	9.3	15.8	12.9
Taxes and contributions	57.2	105.0	114.6
Swap differential receivable	-	43.0	51.0
Others	11.4	12.8	14.5
Non-Current Assets	4,075.7	6,247.1	6,416.9
Long-Term Assets	729.4	927.9	985.4
Swap differential receivable long term	-	155.0	183.4
Accounts receivable	262.6	237.0	281.9
Prepaid expenses	4.7	5.9	4.2
Judicial deposits	79.3	96.9	91.6
Taxes and contributions	192.8	159.5	113.5
Taxes deferred	178.1	258.7	296.0
Others	11.9	14.9	14.8
Permanent Assets	3,346.4	5,319.2	5,431.4
Investments	0.2	0.3	0.3
Property and equipment	1,898.2	2,343.8	2,370.0
Intangible assets	1,447.9	2,975.0	3,061.1
Total Assets	5,740.2	9,294.3	9,411.0

(R\$ million)	3Q19	2Q20	3Q20
Current Liabilities	683.1	2,052.4	1,466.2
Loans and financing	67.0	852.5	341.9
Leasing	185.7	204.9	207.5
Suppliers	140.7	226.9	220.3
Swap to pay	-	44.0	52.5
Salaries and payroll charges	215.5	377.9	317.3
Tax liabilities	34.8	101.7	98.5
Prepaid monthly tuition fees	22.8	45.5	24.4
Advance of the current agreement	1.8	3.4	3.4
Taxes paid in installments	2.8	3.4	3.5
Acquisition price to be paid	3.3	30.9	31.7
Dividends Payable	0.0	153.5	153.5
Other liabilities	8.8	8.0	11.9
Long-Term Liabilities	1,865.1	4,042.8	4,623.6
Loans and Financing	601.6	2,376.7	2,885.5
Contingencies	126.5	210.2	210.4
Leasing	1,046.1	1,125.2	1,145.4
SWAP Differential Payable	-	163.7	195.9
Advance of agreement	15.6	26.4	25.5
Taxes paid in installments	5.8	10.1	13.5
Provision for asset demobilization	30.1	28.7	31.1
Deferred taxes	2.9	4.4	4.3
Acquisition price to be paid	15.2	75.9	90.7
Others	21.3	21.4	21.4
Shareholders' Equity	3,192.0	3,199.1	3,321.2
Capital	1,139.9	1,139.9	1,139.9
Share issue costs	(26.9)	(26.9)	(26.9)
Capital reserves	668.6	670.7	679.7
Earnings reserves	1,016.6	1,509.3	1,509.3
Period result	588.1	88.3	200.8
Treasury shares	(194.3)	(182.3)	(181.7)
Total Liabilities and Shareholders' Equity	5,740.2	9,294.3	9,411.0



CASH FLOW STATEMENT

(R\$ million)	3Q19	3Q20	Δ%	9M19	9M20	Δ%
Profit before taxes	150.5	98.9	-34.3%	597.3	175.2	-70.7%
Adjustments to reconcile profit	171.3	328.9	92.0%	655.0	1,068.0	63.1%
Result after reconciliation to net cash generated	321.8	427.8	32.9%	1,252.3	1,243.2	-0.7%
Changes in assets and liabilities	1.3	(142.3)	N.A.	(501.1)	(212.5)	-57.6%
Operating Cash Flow before Capex	323.1	285.5	-11.6%	751.2	1,030.7	37.2%
Acquisition of property and equipment	(59.7)	(32.1)	-46.2%	(131.3)	(114.4)	-12.9%
Acquisition of intangible assets	(51.4)	(72.4)	40.9%	(100.4)	(155.1)	54.5%
Cash flow from investment activities	(14.2)	(95.6)	574.5%	(31.1)	(1,836.7)	5805.3%
Operating Cash Flow after Capex	197.9	85.4	-56.8%	488.5	(1,075.4)	-320.2%
Cash flow from financing activities	(50.4)	(72.2)	43.2%	(440.7)	2,386.8	N.A.
Free Cash Flow	147.5	13.2	-91.1%	47.7	1,311.5	2648.2%
Cash at the beginning of the year	718.3	1,907.4	165.6%	818.0	609.1	-25.5%
Increase (decrease) in cash and cash equivalents	147.5	13.2	-91.1%	47.7	1,311.5	2648.2%
Cash at the end of the year	865.8	1,920.6	121.8%	865.8	1,920.6	121.8%
Adjusted EBITDA for Non-recurring items ⁽¹⁾	343.9	411.0	19.5%	1,070.6	1,088.4	1.7%
Adjusted Operating Cash Flow before Capex / Adjusted EBITDA	94.0%	69.5%	-24.5 p.p.	70.2%	94.7%	24.5 p.p.



(1) Non-recurring itens detailed in the EBITDA section.

OPERATIONAL DATA– Student base by brand



(‘000 students)

Total Base – 3Q20	655.9	78.8	4.2	7.8	746.7
On-Campus	277.7	47.4	4.2	7.8	337.1
Undergraduate	254.8	43.1	3.8	7.8	309.4
Out-of-pocket	227.2	31.4	3.5	7.8	269.6
FIES	20.3	11.7	0.3	-	32.3
PAR	7.2	-	-	-	7.2
Graduate	23.0	4.3	0.4	-	27.7
Distance-Learning	378.2	31.4	-	-	409.6
Undergraduate	330.6	9.2	-	-	339.8
100% online	265.4	9.2	-	-	274.6
Flex	65.2	-	-	-	65.2
Graduate	47.6	22.2	-	-	69.9
DIS	332.0	-	-	-	332.0
On-Campus	122.9	-	-	-	122.9
100% online	165.9	-	-	-	165.9
Flex	43.1	-	-	-	43.1



YDUQS

IR Contact

Mayte Albuquerque | Pedro Yagelovic | Rosimere Nunes | Milena Gonçalves

+55 (21) 3311-9875 | 3311-9290

ri@yduqs.com.br

www.yduqs.com.br